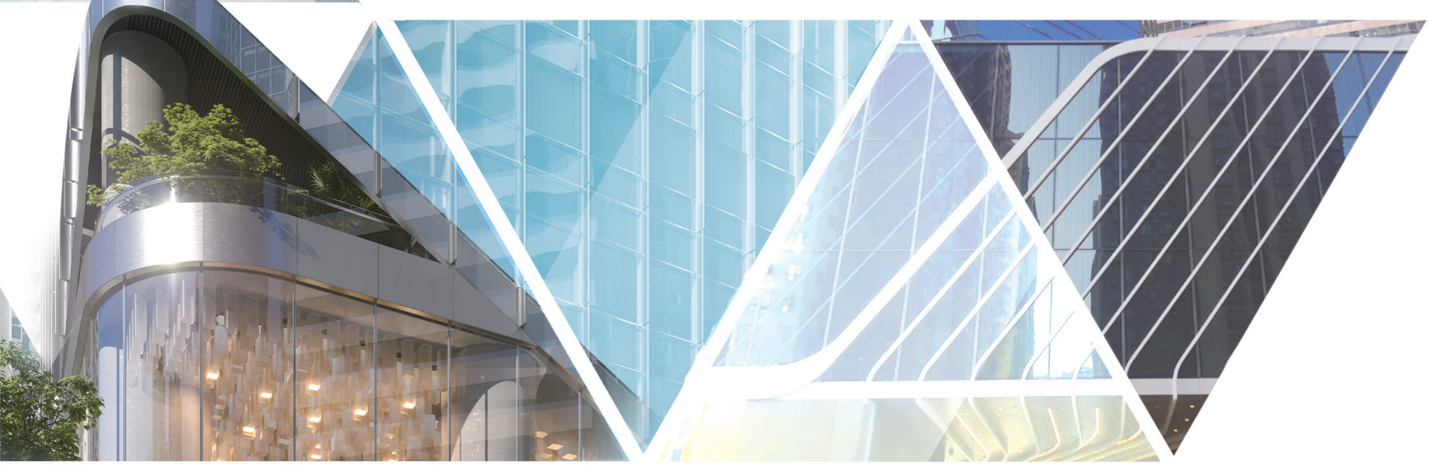
G&M Holdings Limited
信越控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6038



2021

ANNUAL REPORT

About G&M

G & M is a subcontractor that focuses on providing podium facade and curtain wall works in Hong Kong with a history of over 20 years. The Group is principally engaged in the provision of one-stop design and build solutions as well as repair and maintenance services in relation to podium facade and curtain wall works in Hong Kong.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS (THE "BOARD")

Executive Directors

Mr. Lee Chi Hung *(Chairman and Chief Executive Officer)*
Ms. Lam Suk Yee Patricia

Non-executive Director

Mr. Leung Ping Kwan

Independent Non-Executive Directors

Professor Wong Roderick Sue Cheun
Mr. Tai Kwok Leung, Alexander
Mr. Kwan Cheuk Kui

AUDIT COMMITTEE

Mr. Tai Kwok Leung, Alexander *(Chairman)*
Professor Wong Roderick Sue Cheun
Mr. Kwan Cheuk Kui

NOMINATION COMMITTEE

Mr. Lee Chi Hung *(Chairman)*
Professor Wong Roderick Sue Cheun
Mr. Tai Kwok Leung, Alexander
Mr. Kwan Cheuk Kui

REMUNERATION COMMITTEE

Mr. Kwan Cheuk Kui *(Chairman)*
Mr. Lee Chi Hung
Professor Wong Roderick Sue Cheun
Mr. Tai Kwok Leung, Alexander

RISK MANAGEMENT COMMITTEE

Mr. Lee Chi Hung *(Chairman)*
Professor Wong Roderick Sue Cheun
Mr. Tai Kwok Leung, Alexander
Mr. Kwan Cheuk Kui

JOINT COMPANY SECRETARIES

Ms. Huen Shuk Man
Mr. Lee Baldwin

REGISTERED OFFICE

Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman, KYI–1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

11/F.
Magnet Place Tower I
77–81 Container Port Road
Kwai Chung, New Territories
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Shanghai Commercial Bank Ltd

AUDITOR

BDO Limited
Certified Public Accountants and Registered Public Interest Entity Auditor

COMPANY WEBSITES

www.gm-eng.com.hk

STOCK CODE

6038

CHAIRMAN'S STATEMENT

On behalf of the board (the "**Board**") of Directors (the "**Directors**") of G & M Holdings Limited (the "**Company**") together with its subsidiaries (the "**Group**"), I am delighted to present the annual report of the Group for the year ended 31 December 2021 (the "**Year 2021**").

The outbreak of COVID-19 was a bit eased since the mid of Year 2021 and the Group's projects which experienced delay in the previous year achieved favourable progress. The Group's revenue increased from approximately HK$243.4 million for the previous year to approximately HK$403.2 million for the Year 2021, representing an increase of approximately HK$159.8 million or 65.7%. However, the outbreak of COVID-19 in late Year 2021 made the business of the Group more challenging such as the transportation between Hong Kong and PRC. More stringent control on project costs has been implemented by property developers and owners since the outbreak of COVID-19. Competition in the markets of facade works and building metal finishing works has become fierce. In order to maintain the quality of our projects with reasonable gross profit margins, the Group kept taking a more prudent approach on bidding new projects during the Year 2021 and the coming years.

Global economy is recovering amid uncertainties. Some current economic issues, such as increasing commodity prices, inflation and supply chain bottlenecks, potentially threaten the economy. These issues have also leaded to higher building material costs and overhead costs in our industry. However, the Group has already implemented appropriate control measures to reduce the potential impact of these issues may have on the profitability of Group's projects. We will closely monitor the trends of these issues and maintain sufficient financial resources to tackle rapid changes of the market.

On behalf of the Board, I wish to take this opportunity to express our gratitude to our management and staff for their exceptional work efforts and investors and business partners for their continuous trust and support to the Group.

The Board is pleased to share the Group's performance with its shareholders and recommends the payment of a final dividend of HK1.1 cents per share of the Company for the Year 2021.

LEE Chi Hung
Chairman and Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has more than 20 years history in Hong Kong and provides one-stop design and build solutions and repair and maintenance services in relation to podium facade and curtain wall works in Hong Kong.

The COVID-19 outbreak since year 2020 created unprecedented challenges to broad range of industries and greatly restricted both business and daily living activities. Construction activities regained momentum in the second half of year 2021 as COVID-19 outbreak gradually came under control and the Group successfully recouped the progress on several previously delayed projects and consequently achieved a revenue growth of over 65% for the Year 2021 as compared to the Year 2020. Albeit the growth in revenue, the profitability of projects has been hampered by additional costs incurred for disease control, administrative overheads associated with prolonged project duration and efficiency loss in general. Furthermore, the Group also experienced increasing staff drain owing to various social and labour market factors, reduction in work scope of already awarded projects attributable to economic uncertainties, and rising material prices as a result of disruption in supply chain, all of which will have lasting impact on the Group's operations. The Group is continuously monitoring its project budget process and procurement function for swift actions to minimize impacts of price fluctuations and reviews it employment policy regularly in order to attract and retain staff talents.

Faced with the uncertainties brought on by the prolonged COVID-19 outbreak, the Group will continue to adopt a more prudent approach in its bid for projects, focusing on those involving higher level of design element, technical capability and customized features with an aim to conserve its resources on quality projects by reputable customers with healthy profit margins. The value of the Group's outstanding contract on hand as at end of the Year 2021 was approximately HK$539.6 million, attributable to the conservative bidding and thus relatively low amount of new projects were secured by the Group during Year 2021.

Nonetheless, the Group will maintain a prudent management approach to withstand the challenging economic and operating conditions and remain committed to fulfil its projects on hand with professionalism and high quality results. The Group has the confidence to uphold its reputation for quality, capability and innovation and be ready to take on new opportunities to come in the post-COVID-19 period.

FINANCIAL REVIEW

Revenue

During the Year 2021, the Group recorded a revenue of approximately HK$403.2 million, representing an increase of approximately HK$159.8 million or 65.7% from that of approximately HK$243.4 million for the year ended 31 December 2020 (the "**Year 2020**"). Design and build projects contributed approximately HK$380.0 million (Year 2020: HK$232.9 million) of the Group's total revenue whereas repair and maintenance services brought in revenue of approximately HK$23.2 million (Year 2020: HK$10.5 million), representing approximately 94.2% (Year 2020: 95.7%) and 5.8% (Year 2020: 4.3%) of the Group's total revenue, respectively. The increase in revenue was mainly attributable to favourable progress achieved on two key projects which together contributed 59.7% of the Group's revenue for the Year 2021 and recovered from delay experienced in the Year 2020.

Outlook and prospects

The Group's major projects on hand as at 31 December 2021 can be summarised as follows:

No.	Type of works undertaken	Location	Expected completion date	Estimated remaining contract value as at 31 December 2021 HK$ million
1.	Facade Design	Kai Tak, Kowloon	Dec-23	240.8
2.	Facade Design	Taikoo, Hong Kong	Jun-22	88.3
3.	Facade Design	Kwun Tong, Kowloon	Jun-22	78.1
4.	Facade Design	Queensway, Hong Kong	Dec-23	55.7
5.	Facade Design	Shatin, New Territories	Dec-22	55.5
				518.4

Subsequent to the end of the Year 2021 and up to the date of this report, the Group had been awarded a podium facade contract with contract sum of approximately of HK$34.5 million. Meanwhile, the Group is in the process of bidding for or pending the results of 4 sizeable podium facade project tenders with an estimated total contract value of over approximately HK$357.8 million.

Despite the sudden outbreak of the COVID-19 Omicron variant in the past few months dealt a heavy blow to business activities, which were only at the early stage of recovery from two years of COVID-19 outbreak, it is envisaged that economic stimulus policies will be administered by the government, including the Northern Metropolis Development Strategy as promulgated in the Chief Executive Policy Address, which would increase the demand of building construction and fitting out works. The Group will stay vigilant for both public and private sector projects and prepare itself to capture the associated business opportunities expected to arise in the medium to long-term.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK$29.7 million or 47.0% from approximately HK$63.2 million for the Year 2020 to approximately HK$92.9 million for the Year 2021. Gross profit margin of the Group was approximately 23.0% for the Year 2021 as compared with that of approximately 26.0% for the Year 2020. The decrease in the gross profit margin was mainly due to the increase in the material cost and the expenses associated with prolonged project duration.

Administrative and other operating expenses

The Group's administrative and other operating expenses increased by approximately HK$8.6 million or 21.9% from approximately HK$39.3 million for the Year 2020 to approximately HK$47.9 million for the Year 2021. Such increase was mainly due to the increase in employee benefit expenses.

Income tax expenses

The Group's operation is based in Hong Kong which is subject to Hong Kong profits tax calculated at 8.25% and 16.5% of the estimated assessable profit under two-tiered profit tax rates regime during the reporting periods.

For the Year 2021, the Group recorded income tax expense of approximately HK$7.4 million (Year 2020: approximately HK$4.4 million) representing an effective tax rate of approximately 16.7% (Year 2020: approximately 15.9%).

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the Year

The Group's profit for the Year 2021 amounted to approximately HK$36.8 million, representing an increase of approximately HK$13.5 million or 57.9% as compared to approximately HK$23.3 million for the Year 2020.

Such increase was mainly due to the increase in gross profit of approximately HK$29.7 million as discussed above and partially offsetted by a decrease in other income of approximately HK$3.9 million which was mainly because the Group did not receive government subsidy for epidemic relief in the Year 2021 (Year 2020: HK$3.6 million) and increase in administrative and other operating expenses of approximately HK$8.6 million.

Receivable turnover days

The Group's receivable turnover days for the Year 2021 was approximately 103.6 days as compared to approximately 76.4 days for the Year 2020. The Group did not observe any signs of default on any of its trade receivables balance as at 31 December 2021. The significant increase was mainly due to the increase in the certified amount of certain projects near the year end.

Bank borrowings

The Group's bank borrowings as at 31 December 2021 increased to approximately HK$15.9 million (Year 2020: HK$1.1 million), which is mainly due to drawdown of bank loans to fund for projects that required to order materials in advance.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's gearing ratio, calculated by dividing bank borrowings by total equity, as at 31 December 2021 remained healthy at approximately 6.2% (31 December 2020: 0.5%).

The Group's cash and cash equivalents balances as at 31 December 2021 amounted to approximately HK$88.3 million, representing a decrease of approximately HK$60.9 million as compared to approximately HK$149.2 million as at 31 December 2020. Such decrease was mainly due to the payment period from customers increased.

The Group's bank borrowings as at 31 December 2021 were all denominated in Hong Kong Dollars. The interest rates ranged from 2.16% to 2.56% per annum.

Foreign Exchange

The Group mainly operates in Hong Kong and majority of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong Dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group did not engage in any derivatives contracts to hedge its exposure to foreign exchange risk during the Year 2021.

CAPITAL EXPENDITURES AND COMMITMENTS

As at 31 December 2021, the Group did not have any capital commitments.

SIGNIFICANT INVESTMENTS HELD

The Group had not held any significant investments during the Year 2021.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Year 2021, the Group did not have any material acquisitions and disposal of subsidiaries, associates and joint ventures.

PLEDGE OF ASSETS

As at 31 December 2021, pledged deposits in the sum of approximately HK$5.0 million (31 December 2020: HK$5.0 million) were placed with a bank as security for a banking facility of the Group.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2021.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS

The Directors recognise that employees, customers and business partners are the keys to the sustainable development of the Group. The Group has kept good communications and built a close and caring relationship with its employees and business partners to achieve its long-term business growth and development.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 108 staff as at 31 December 2021 (31 December 2020: 103 staff) and the total employee benefit expenses for the Year 2021 amounted to approximately HK$64.8 million (Year 2020: HK$57.6 million). Such increase was mainly contributed to the increase number of staff and average salary per staff. The Group determines the remuneration of its employees based on each employee's qualifications, experience and past performance. The remuneration committee makes recommendations to the Board on the overall remuneration policy and structure for our Directors and senior management. The Group maintains a good relationship with its employees and has not experienced any major labour disputes nor any difficulty in recruiting suitable staff.

Senior management remuneration

Emoluments paid or payable to members of senior management who are not Directors were within the following band:

	2021 Number of individuals	2020 Number of individuals
HK$1,000,001 to HK$1,500,000	**4**	4
HK$1,500,001 to HK$2,000,000	**1**	2
HK$2,000,001 to HK$2,500,000	**2**	–

Customers, suppliers and subcontractors

The Group maintains a close and stable relationship of more than 10 years with the majority of its major customers, with some going over 15 years. The Group is generally invited by its customers to submit tenders for potential projects. The pricing on projects is determined by reference to the estimated costs plus a profit margin having taken into consideration the project type, design and scale, target completion date and the Group's availability of resources. The Group endeavours to maintain its presence and keep abreast of opportunities in the market by continuous communication and working with customers, potential customers and by responding to tender invitations, it may however from time to time decide to turn down certain tender enquiries in order to focus on other target projects. The Group has been making continuous efforts to diversify its customer base by targeting projects of different scales and from different customers.

The Group has built up a stable pool of suppliers and subcontractors over the 20 years of its operating history, which allows the Group to effectively maintain the quality of its works, including the quality of materials and workmanship. An internal list of approved suppliers and subcontractors is maintained and updated on a continual basis. The Group assigns a project manager to each project to monitor and supervise the working process of the contractors and to ensure they have met the workmanship, safety and other applicable regulatory compliance requirements. The Group has not experienced any shortage or delay in supply of materials and labour.

ENVIRONMENTAL POLICIES

The Group's in-house rules contain measures and work procedures in relation to environmental protection which are required to be followed by the Group's employees, including the followings.

Air pollution control:

(i) Dust suppression by use of water.

(ii) Installation of dust screens as required.

(iii) Use of low-dust techniques and equipment as required.

Noise control:

(i) Inspection and maintenance of all equipment before use for permitted noise level compliance.

(ii) Works to be undertaken in accordance with the permitted work hours.

Waste disposal:

(i) Waste to be segregated into general wastes and construction wastes before transporting to the designated site rubbish collection point.

The Group's operation does not directly produce greenhouse gases or hazardous wastes. The Group monitors energy consumption in its supportive functions, such as fuel consumption/mileage usage in motor vehicles, electricity consumption in office and requiring office staff to switch off electricity supply when not in use.

COMPLIANCE WITH LAWS AND REGULATIONS

The operations of the Group are primarily carried out by the Company's subsidiaries in Hong Kong. The Group's establishment and operations accordingly shall comply with relevant laws and regulations in each of the above jurisdictions. During the Year 2021 and up to the date of this report, the Group's operations have complied with all the relevant laws and regulations in the above jurisdiction in all material respect.

PRINCIPAL RISK AND UNCERTAINTY

The Group's operation is subject to general economic and market risks which may affect the competition and profitability of projects in the podium facade and curtain wall works industry. Furthermore, the projects undertaken by the Group are awarded on a project-by-project basis through tendering; failure to obtain continuity of the order book for new projects could materially affect the Group's financial performance. Revenue from a few of the Group's customers accounted for a substantial portion of the Group's revenue; inability to retain business relation with and/or secure sufficient new business from them may adversely affect the Group's operation and financial performance.

EVENTS AFTER THE FINANCIAL YEAR

No event has occurred after 31 December 2021 and up to the date of this report which would have a material effect on the Group.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a high standard of corporate governance and considers that conducting business in an ethical and responsible manner will generate the highest level of benefits to its shareholders and the Group in the long term. The Board will continuously review and improve the Group's corporate governance practices in order to uphold a transparent and effective corporate governance function for the Group.

The Company has adopted the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") and has complied with the CG Code during the Year 2021, except in relation to provision A.2.1 of the CG Code which requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Lee Chi Hung, an executive Director, is both the chairman of the Board and the chief executive officer of the Company. With over 23 years of experience in the construction industry in Hong Kong, Mr. Lee is responsible for the overall management of the Group's operations and business development and is instrumental to the Group's growth and business expansion since the establishment in November 1993. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises two executive Directors (including Mr. Lee), one non-executive Director and three independent non-executive Directors and therefore has a strong independence element in its composition.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules and all the Directors confirmed, upon specific enquiry made, that they complied with the Model Code during the Year 2021 and up to the date of this report.

BOARD OF DIRECTORS

The Board is responsible for leading and directing the Group's business through formulation of overall strategies and policies, evaluation of performance and overseeing the management function. In discharging its duties, the Board acts in good faith with due diligence and care, and makes decisions objectively in the best interests of the Company and its shareholders. The execution of strategies and implementation of policies in the Group's daily operations are delegated to the management team. The Board is also responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the Year 2021 and up to the date of this report, the number of independent non-executive Directors was in compliance with the requirement under Rules 3.10 and 3.10A of the Listing Rules. The composition of the Board and the attendance record of each Director at board meetings and general meeting during the Year 2021 are as below:

	Attendance/ Board meeting held	**Attendance/ General meeting held**
Executive Directors		
Mr. Lee Chi Hung *(Chairman and Chief Executive Officer)*	5/5	1/1
Ms. Lam Suk Yee Patricia	5/5	1/1
Non-executive Director		
Mr. Leung Ping Kwan	5/5	1/1
Independent Non-executive Directors		
Professor Wong Roderick Sue Cheun	5/5	1/1
Mr. Tai Kwok Leung, Alexander	5/5	1/1
Mr. Kwan Cheuk Kui	5/5	1/1

Biographic details of and the relationship amongst the Directors are presented in the "Directors and Senior Management" section of this annual report. Each of the executive Directors has entered into a service contract with the Company for an initial term of three years, while each of the non-executive Director and independent non-executive Directors has been appointed for an initial term of three years. Notwithstanding the specific term of appointment, provisions of the Company's articles of associations require that every Director is subject to retirement by rotation at least once every three years. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the next general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Each of the Directors has participated in continuous professional development seminar organised by the Company to develop their knowledge and skills during the Year 2021.

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

The composition of the Board provides sufficient balance of skills, experience and diversity of perspectives in leading the Company to achieve its goal and the independent non-executive Directors provide independent judgment in the Board's overall decision making process.

BOARD DIVERSITY

The Company recognised that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development.

The Board shall comprise members with the following attributes in order to achieve a sufficient balance of knowledge and perspectives in discharging the Board's duties:

– management skills and experience;

– industry specific knowledge and experience relevant to the Group;

– financial management skills and experience; and

– legal and compliance expertise.

The Company does not discriminate on the basis of gender, age and other personal backgrounds in assessing the suitability of candidate for appointment to the Board. The nomination committee shall take the opportunity to enhance gender balance of the Board over time in the selection of candidates amongst those who are equally competent and possess the desired attributes.

BOARD COMMITTEE

As an integral part of good corporate governance, the Board has established four committees for overseeing the performance of specific functions which are set out in written terms of reference for each committee. The composition of each committee and attendance of members at committee meetings held during the Year 2021 are as follow:

Composition of Board committees	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**Risk Management Committee**
	Attendance/Number of meetings held (C = Chairman; M = Member of the committee)			
Independent Non-executive Directors				
Professor Wong Roderick Sue Cheun	3/3(M)	1/1(M)	1/1(M)	2/2(M)
Mr. Tai Kwok Leung, Alexander	3/3(C)	1/1(M)	1/1(M)	2/2(M)
Mr. Kwan Cheuk Kui	3/3(M)	1/1(M)	1/1(C)	2/2(M)
Executive Directors				
Mr. Lee Chi Hung	N/A	1/1(C)	1/1(M)	2/2(C)
Ms. Lam Suk Yee Patricia	N/A	N/A	N/A	N/A
Non-executive Director				
Mr. Leung Ping Kwan	N/A	N/A	N/A	N/A

Audit committee

The primary duties of the audit committee are to review and supervise the Group's financial reporting process and internal control system, nominate and monitor external auditors and to provide advice and comments to the Board on matters related to corporate governance. The audit committee has met with the Company's management to review its interim and final financial statements for the Year 2021 and met the Company's auditor to discuss auditor's independence, audit approach, key audit matters, results of audit for the Year 2021. The audit committee has met with the chairman of the Board and the auditor, separately and without the presence of management, for discussion of matters which may be of sensitive nature. The audit committee has also met with and reviewed the report of the Company's internal control adviser for their review on selected areas of the Group's internal control system for the Year 2021. Further information on the Group's risk management and internal control is set out in the section headed" Risk Management and Internal Control" of this report.

Nomination committee

The primary duties of the nomination committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board and/or in senior management. The nomination committee has reviewed the independence of independent non-executive Directors, considered the retirement and proposal for appointment of Directors at the Company's annual general meeting during the Year 2021. The nomination committee is of the view that the Board comprised the suitable qualifications and diversity for leading and governing the Group.

Remuneration committee

The responsibilities of the remuneration committee are to make recommendations to the Board on policy and structure for Directors' and senior management's remuneration, and to ensure that no Director is involved in deciding his own remuneration. The remuneration committee has assessed the performance and remuneration of executive Directors and senior management for the Year 2021 and made recommendations to the Board thereon.

Risk management committee

The primary duties of the risk management committee are to oversee the Group's risk management and internal control systems, to review risk reports and any material breaches of risk limits, and to review the effectiveness of our Company's risk management system. Further information on the Group's risk management and internal control is set out in the section headed "Risk Management and Internal Control" of this report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks to take in achieving the Company's strategic objectives.

The risk management committee supports the Board in ensuring the effectiveness of the risk management and internal control of the Group and reports to the Board on any material issues identified. The risk management committee has conducted an update risk assessment during the Year 2021 according to the Group's latest operation; key risks identified are recorded in a risk register and assigned to a risk owner who shall ensure such risks are continuously monitored and properly controlled according to the prescribed procedures.

The Group adopted a manual of policies and procedures to provide guidance on compliance with internal control and risk management in various operational and management functions, including but not limited to project tendering, procurement, financial reporting, treasury and risk management etc.

The Company has not established a separate internal audit department; however, procedures are in place to provide adequate resources and qualified personnel to carry out the duties of the internal audit function, including annual review of the effectiveness of risk management and internal control. The Company has engaged an external independent consultant to conduct a review on the internal control system of the Group during the Year 2021 and to report their findings to the risk management committee and the Board. The review scope for the Year 2021 covered budgets preparation and monitoring, risk management functions, project progress and safety risk and compliance.

Based on review and procedures conducted, the Board considers that the Group's risk management and internal control systems are effective and adequate. However, the risk management and internal control systems of the Group are designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

AUDITOR'S REMUNERATION

The fees in respect of the audit and non-audit services provided to the Group by the Company's auditor, BDO Limited for the Year 2021 is as below:

Fee Amount	HK$'000
Audit services	670
Non-audit services	–
	670

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of financial statements which give a true and fair view of the financial position of the Group. The responsibilities of the Company's auditor on the consolidated financial statements of the Group are set out in the independent auditor's report on pages 27 to 31 of this annual report. The Directors are not aware of any material uncertainties relating to events of conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

JOINT COMPANY SECRETARIES

The Company's joint company secretaries are Ms. Huen Shuk Man and Mr. Lee Baldwin. Ms. Huen is an employee of the Company, while Mr. Lee is an external service provider. Ms. Huen is the primary contact person at the Company with Mr. Lee. During the Year 2021, each of Ms. Huen and Mr. Lee has taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rule.

The joint company secretaries coordinate the supply of information about the Group to the Directors. All Directors have access to the joint company secretaries to ensure that Board procedures are followed.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

One or more shareholders holding not less than 10% of the paid up capital of the Company may convene an extraordinary general meeting by making a requisition in writing, specifying any business for transaction at such meeting, to the Directors or the joint company secretaries.

To propose a candidate for election as a Director at a general meeting, a shareholder should deposit a written proposal, together with a written notice by the candidate indicating his willingness to be elected, to the Company either at its principal place of business in Hong Kong (at 11th Floor, Magnet Place Tower 1, 77–81 Container Port Road, Kwai Chung, New Territories, Hong Kong) or its branch share registrar and transfer office in Hong Kong (Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong) at least seven clear days before the date of the general meeting.

The Company believes that effective communication with its shareholders is essential for enhancing investors' understanding of the Group's business and performance. The Company maintains a corporate website at www.gm-eng.com.hk to disseminate latest information about the Group. The Company's constitution document and terms of reference of board committees are also available for download at Company's website. There has been no change to the Company's constitution document during the Year. The chairman of the Board will attend, and endeavour to ensure the chairmen of various board committees to attend, general meetings to answer questions from shareholders.

DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements of the Group for the Year 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holdings. The principal activities of the Group are the provision of one-stop design and build solutions as well as repair and maintenance services in relation to podium facade and curtain wall works in Hong Kong. The principal activities of the subsidiaries of the Company are set out in note 28 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the business of the Group during the Year 2021, a discussion about the Group's future business development and an analysis of the Group's performance using financial key performance indicators are set out in the section headed "Management Discussion and Analysis – Financial Review" in this annual report and a discussion of the principal risks and uncertainties facing by the Group is included in the section headed "Management Discussion and Analysis – Principal Risk and Uncertainty" in this annual report and note 37 to the consolidated financial statements. The review forms part of this Directors' Report.

RESULTS AND DIVIDENDS

The Group's results for the Year 2021 are set out in the consolidated statement of comprehensive income on page 32 of this annual report.

The Directors recommended the payment of a final dividend of HK1.1 cents per share, amounting to a total of HK$11.0 million for the Year 2021, representing a dividend ratio of approximately 29.9%. The proposed final dividend is subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Thursday, 9 June 2022 (the "**AGM**") and is expected to be paid on or about 8 July 2022.

An interim dividend of HK0.55 cents per share totalling HK$5,500,000 had been declared and paid during the Year 2021.

As at the date of this annual report, the Board is not aware of any shareholders who have waived or agreed to waive any dividends.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 6 June 2022 to Thursday, 9 June 2022 (both days inclusive), during which period no transfer of Shares will be registered, for purpose of determining the right to attend and vote at the AGM. All transfer of the Company's shares together with the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong no later than 4:30 p.m. on Thursday, 2 June 2022 in order for the holders of the shares to qualify to attend and vote at the AGM or any adjournment thereof.

To ascertain entitlement to the proposed final dividend, the register of members of the Company will also be closed from Wednesday, 15 June 2022 to Friday, 17 June 2022 (both days inclusive). In order to qualify for the proposed final dividend, which is subject to approval of shareholders at the AGM, holders of shares of the Company must ensure that all transfers of shares be lodged with the Company's branch share registrar and transfer office in Hong Kong for registration no later than 4:30 p.m. on Tuesday, 14 June 2022.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 106 of this annual report. Such summary does not form part of the audited consolidated financial statements.

DONATIONS

Charitable donations made by the Group during the Year 2021 amounted to approximately HK$179,000.

SHARE CAPITAL

Details of movement in the Company's share capital during the Year 2021 are set out in note 24 to the consolidated financial statements.

RESERVES

Movements in the reserves of the Group during the Year 2021 are set out in the consolidated statement of changes in equity on pages 34 to 35 of this annual report. Details of movement in the Company's reserves during the Year 2021 are set out in note 27 to the consolidated financial statements.

The Company's distributable reserves amounted to approximately HK$158.4 million as at 31 December 2021.

SHARE OPTION SCHEME

During the Year 2021, the Company granted 3,000,000 share options under the share option scheme (the "**Share Option Scheme**") adopted by the Company on 12 May 2017 and no options have been exercised or cancelled since then and up to the date of this annual report.

The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Group. It is expected that grantees of an option will make an effort to contribute to the Group's development so as to bring about an increased market price of the Company's shares in order to capitalise on the benefits of the options granted. The Board may, at its absolute discretion, grant options pursuant to the Share Option Scheme to any directors or employees of the Company or its subsidiaries and any other persons (including customer, supplier, adviser or consultant of the Group) on the basis of the Board's opinion as to the grantee's contribution to the development and growth of the Group.

The total number of shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 100,000,000 (being 10% of the shares in issue on 13 June 2017 when the shares of the Company first commenced dealing on the Stock Exchange) (the "**General Scheme Limit**"). Subject to the approval of shareholders in general meeting, the Company may renew the General Scheme Limit to the extent that the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options scheme of our Group as renewed must not exceed 10% of the Shares in issue as at the date of approval provided that the options previously granted will not be counted for purpose of calculating the General Scheme Limit as renewed.

The maximum number of shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being.

The subscription price for shares under the Share Option Scheme will be a price determined by the Board, but shall not be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares on the date of grant.

The Share Option Scheme will remain in force for a period of 10 years from 13 June 2017 until 12 June 2027.

During the Year 2021, none of the Directors has any interests in share options to subscribe for the shares of the Company. Details of interests and movements in the Company's share options under the Share Option Scheme for the Year 2021 as followings:

Participants	Date of grant	Exercise period	Balance as at 1 January 2021	Granted during the Year	Exercised during the Year	Lapsed during the Year	Balance as at 31 December 2021	Exercise price
								HK$
Other Eligible Participants	16 April 2021	From 1 May 2021 to 30 April 2026 (both days inclusive)	–	3,000,000	–	–	3,000,000	0.161

PRE-EMPTIVE RIGHTS

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

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

Neither the Company, nor any of its subsidiaries, had purchased, sold or redeemed any of the Company's listed securities during the Year 2021.

DIRECTORS

The Directors of the Company during the Year 2021 and up to the date of this report are as follow.

Executive Directors

Mr. Lee Chi Hung ("**Mr. Lee**") *(Chairman and Chief Executive Officer)*
Ms. Lam Suk Yee Patricia ("**Ms. Lam**")

Non-executive Director

Mr. Leung Ping Kwan ("**Mr. Leung**")

Independent Non-executive Directors

Professor Wong Roderick Sue Cheun
Mr. Tai Kwok Leung, Alexander
Mr. Kwan Cheuk Kui

In accordance with the provisions of the Company's articles of association, Ms. Lam Suk Yee Patricia, Professor Wong Roderick Sue Cheun and Mr. Kwan Cheuk Kui will retire and, being eligible, will offer themselves for re-election at the Company's forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual meeting has a service contract with the Company or any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DEED OF NON-COMPETITION

The controlling shareholders of the Company has given an unconditional and irrevocable non-competition undertaking in favour of our Company and its subsidiaries on 12 May 2017 to protect the Group from any potential competition with the controlling shareholders. The controlling shareholders have confirmed full compliance with the terms of the non-competition undertaking during the Year 2021. Furthermore, the Directors, including independent non-executive Directors, have carried out certain review procedures and nothing has come to their attention that there has been non-compliance with the terms of the non-competition undertaking during the Year 2021.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year 2021.

DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Except as disclosed elsewhere in this annual report, none of the Directors or controlling shareholders, nor a connect party of any Directors or controlling shareholders, had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party during the Year 2021.

DISCLOSURE OF INTERESTS

As at 31 December 2021, the interests and short positions of Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**")) as recorded in the register required to be kept under section 352 of the SFO, or as notified the Company and the Stock Exchange pursuant to the Model Code, are as follows:

(i) Directors' interests in the Company

Name of Directors	Capacity	Number of Shares interested	Percentage of shareholding
Mr. Lee	Interest in a controlled corporation; interest held jointly with another person *(Note 1)*	750,000,000	75%
Mr. Leung	Interest in a controlled corporation; interest held jointly with another person *(Note 1)*	750,000,000	75%
Ms. Lam	Interest of spouse *(Note 2)*	750,000,000	75%

(ii) Directors' interests in associated corporation of the Company

Name of Directors	Name of associated corporation	Capacity	Number of shares interested	Percentage of shareholding
Mr. Lee	Luxury Booming Limited ("**Luxury Booming**")	Beneficial owner	3	75%
Mr. Leung	Luxury Booming	Beneficial owner	1	25%
Ms. Lam	Luxury Booming	Interest of spouse *(Note 2)*	3	75%

Notes:

1. Luxury Booming is the registered and beneficial owner holding 75% of the issued shares of the Company. The issued share capital of Luxury Booming is owned as to 75% by Mr. Lee and 25% by Mr. Leung. By virtue of the concert parties confirmatory deed entered into between Mr. Lee and Mr. Leung dated 9 January 2017, each of Mr. Lee and Mr. Leung is deemed to be interested in the entire shareholding interests of Luxury Booming in the Company under the SFO.

2. Ms. Lam is the spouse of Mr. Lee and is deemed or taken to be, interested in all Shares in which Mr. Lee has interest in under the SFO.

So far as the directors are aware, as at 31 December 2021, the interest and short positions of the persons, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are as follows:

Substantial shareholders' interest in the Company

Name of shareholders	Capacity	Number of Shares held/ interested in	Long/short position	Percentage of shareholding
Luxury Booming *(Note 1)*	Beneficial owner	750,000,000	Long	75%
Ms. Ku Nga Ping *(Note 2)*	Interest of spouse	750,000,000	Long	75%

Notes:

1. Luxury Booming is the registered and beneficial owner holding 75% of the issued shares of the Company. The issued share capital of Luxury Booming is owned as to 75% by Mr. Lee and 25% by Mr. Leung. By virtue of the concert parties confirmatory deed entered into between Mr. Lee and Mr. Leung dated 9 January 2017, each of Mr. Lee and Mr. Leung is deemed to be interested in the entire shareholding interests of Luxury Booming in the Company under the SFO.

2. Ms. Ku Nga Ping is the spouse of Mr. Leung and is deemed, or taken to be, interested in all Shares in which Mr. Leung has interest in under the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year 2021, the Group's five largest customers in aggregate and the single largest customer accounted for approximately 98.5% and 52.2% of the Group's total turnover respectively.

During the Year 2021, the Group's five largest suppliers in aggregate and the single largest supplier accounted for approximately 63.2% and 26.3% of the Group's total purchases respectively.

To the best of the knowledge of the Directors, none of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in these major customers or suppliers.

DIVIDEND POLICY

The Company may declare and distribute dividends to the shareholders of the Company (the "**Shareholders**") to allow Shareholders to share the Company's profit and for the Company to retain adequate reserves for future growth. In proposing any dividend payout, the Board shall also take into account variety factors, including but not limited to the Group's financial conditions, availability, future operations and funding needs for expansion.

RELATED PARTY TRANSACTIONS

Related party transactions entered into by the Group during the Year 2021 are disclosed in note 33 to the consolidated financial statements, none of which constituted connected transactions or continuing connected transactions subject to reporting requirement under Chapter 14A of the Listing Rules.

PERMITTED INDEMNITY PROVISION

Pursuant to the articles of association of the Company, the Directors are indemnified and secured harmless out of the assets of the Company against all losses and liabilities which may incur or sustain in execution of their duty, except such which they shall incur or sustain through their own fraud or dishonesty.

The Company has taken out directors' liability insurance that provides the appropriate cover for the Directors.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the minimum public float required under the Listing Rules during the Year 2021 and up to the date of this annual report.

AUDITOR

The consolidated financial statements for the Year 2021 have been audited by BDO Limited, who will retire, and being eligible, offer themselves for re-appointment. A resolution to re-appoint BDO Limited will be proposed at the forthcoming annual general meeting of the Company.

By order of the Board of
G & M Holdings Limited

LEE Chi Hung
Chairman and Executive Director

Hong Kong, 25 March 2022

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lee Chi Hung (李志雄), aged 56, is the chairman of the Board and the chief executive officer of the Company. Mr. Lee is primarily responsible for the overall management of the Group's operations and business development. Mr. Lee obtained an endorsement to higher certificate in mechanical engineering from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1988. Mr. Lee has over 25 years of experience in the construction industry in Hong Kong since joining the Group. In November 1993, Mr. Lee founded G & M Engineering Company Limited with Ms. Ku Ngan Ping and he has been handling the Group's business development and operations since then. Mr. Lee is also a director of all the subsidiaries of the Group.

Ms. Lam Suk Yee Patricia (林淑儀), aged 56, has over 25 years of extensive experiences in management and administration in Hong Kong. She is currently a shareholder and a director of two private companies engaged in properties investment and letting. Ms. Lam is the spouse of Mr. Lee Chi Hung, an executive Director and a substantial shareholder of the Company. Ms. Lam is deemed, or taken to be, interested in all shares in which Mr. Lee has interest under Part XV of the Securities and Futures Ordinance, which being 750,000,000 shares of the Company, representing 75% of the issued share capital of the Company.

NON-EXECUTIVE DIRECTOR

Mr. Leung Ping Kwan (梁炳坤), aged 60, is responsible for providing technical advice in relation to the Group's business. He is a registered skilled worker under Construction Workers Registration Ordinance (Chapter 583 of the laws of Hong Kong) as curtain wall installer, glazier, metal worker, general welder and curtain wall and glass panes installer (master), who possesses not less than 10 years of experience in these trade divisions. He has more than 20 years of experience in the construction industry.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Professor Wong Roderick Sue Cheun (王世全), aged 77, is an independent non-executive Director and joined the Group in May 2017. Professor Wong obtained a degree of Bachelor of Arts from San Diego State College (now known as San Diego State University) in the United States and a degree of Doctor of Philosophy in mathematics from the University of Alberta in Canada. Professor Wong is an independent non-executive director of Sam Woo Construction Group Limited (stock code: 3822) and BExcellent Group Holdings Limited (stock code: 1775) which shares are listed on the Stock Exchange.

Mr. Tai Kwok Leung, Alexander (戴國良), aged 64, is an independent non-executive Director and joined the Group in May 2017. Mr. Tai is a partner of VMS Securities Limited and previously was a managing director and the head of Corporate Finance Department of Investec Capital Asia Limited. Mr. Tai is licensed under the Securities and Futures Ordinance to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities. Mr. Tai is an independent non-executive director of Jiayuan International Group Limited (stock code: 2768), Shengjing Bank Co., Ltd. (stock code: 2066) and AAG Energy Holdings Limited (stock code: 2686), which are all listed on the Stock Exchange. Mr. Tai graduated from the Victoria University of Wellington in New Zealand and obtained a bachelor degree in Commerce and Administration in 1982. He is an associate member of the Hong Kong Institute of Certified Public Accountants and CPA Australia.

Mr. Kwan Cheuk Kui (關卓鉅), aged 58, is an independent non-executive Director and joined the Group in May 2017. Mr. Kwan obtained a degree of Bachelor of Arts and a Postgraduate Certificate in Law from the University of Hong Kong in November 1987 and June 1992 respectively. He has been admitted as a solicitor in Hong Kong since December 1994. Mr. Kwan is currently a partner of Rowdget W. Young & Co.

Save as disclosed above, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the date of this annual report; (ii) had no other relationship with any Directors, senior management or substantial or controlling shareholders as at the date of this annual report; and (iii) did not hold any other directorships in listed public companies in the three years prior to the date of this annual report.

SENIOR MANAGEMENTS

Mr. Wong Kin Fai (黃健輝), aged 49, is the General Manager of the Group and joined the Group in April 2020. He is primarily responsible for overseeing the operation of the Group. He obtained a Bachelor degree of Engineering in Manufacturing Engineering from The Hong Kong Polytechnic University.

Mr. Choi Yau Wan (蔡有宏), aged 62, is the Head of Design of the Group and joined the Group in August 2017. He is primarily responsible for overseeing the operation of Design Team of a subsidiary of the Group. He obtained a Diploma in Construction Management at Hong Kong University (Space). He has over 30 years of experience in the construction industry in Hong Kong and Australia.

Mr. Lau Chi Sing (劉智星), aged 67, is the Head of Project of the Group and joined the Group in May 2019. He is primarily responsible for overseeing the operation of project team of a subsidiary of the Group. He obtained a Master Degree in Business Administration at The International Management Centres on 1993 and a Diploma in Civil Engineering at Hong Kong Baptist College. He has over 35 years of experience in the construction industry in Hong Kong.

Mr. Chan Wai Yin (陳偉賢), aged 56, is the tendering and marketing manager. He is mainly responsible for overseeing tender process and marketing matters. Mr. Chan joined the Group in February 1999. He obtained a degree of Bachelor of Business Administration from The University of Oklahoma in the United States in May 1991. Mr. Chan has over 25 years of experience in the construction industry in Hong Kong. Mr. Chan is a board member of Hong Kong Facade Association.

Mr. Tong Wai Shing, Wilson (湯偉成), aged 43, is the senior project manager of the Group. He is primarily responsible for organising, managing and supervising the Group's projects. He holds a Master degree of Science in construction law and dispute resolution from the Hong Kong Polytechnic University. Mr. Tong has over 20 years of experience in the construction industry in Hong Kong.

Mr. Ho Ting Shun (賀挺信), aged 56, is a senior design manager and joined the Group in May 2013. He is responsible for the overall management of the Group's design department. Mr. Ho holds a degree of Bachelor of Engineering in manufacturing engineering from the Hong Kong Polytechnic University. Mr. Ho has over 25 years of experience in the construction industry in Hong Kong.

Ms. Huen Shuk Man (禤淑敏), aged 37, is the financial controller of the Group and one of the joint company secretaries of the Company and joined the Group in October 2015. She is primarily responsible for the financial reporting and financial control matters, and the company secretarial matters of the Group. She holds a degree of Bachelor of Business Administration in accountancy from the City University of Hong Kong and is a certified public accountant of the Hong Kong Institute of Certified Public Accountants. Ms. Huen has over ten years of experience in auditing, accounting and financial management.

Save as disclosed above, each of the senior management (i) did not hold other positions in the Company or other members of the Group; and (ii) had no other relationship with any Directors, senior management members or substantial or controlling shareholders.

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TO THE SHAREHOLDERS OF G & M HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of G & M Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 32 to 105 which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Recognition of contract revenue, contract assets and contract liabilities for design and build contracts

Refer to notes 4(i), 4(j), 5(i), 7 and 17 to the consolidated financial statements

For the year ended 31 December 2021, the Group recognised revenue from one-stop design and build solutions amounting to HK$380,013,000 and as at 31 December 2021, the Group recorded contract assets and contract liabilities arising from design and build contracts of HK$95,297,000 and HK$54,672,000 respectively. Contract revenue is recognised over time by measuring the progress towards complete satisfaction of the performance obligation on the basis of contract costs incurred to date as a proportion to the total estimated contract costs, whereas the measurement of contract assets and contract liabilities is also dependent on estimation of contract costs. As disclosed in note 5(i) to the consolidated financial statements, the estimation of contract costs for an individual contract, which mainly comprise subcontracting fees, costs of materials, processing charges and direct labour costs, is based on quotations provided by subcontractors/suppliers/vendors as well as directors' experience, which is revised regularly as the contract progresses. Apart from the above, variable considerations, which mainly arise from variation orders and claims, are recognised as contract revenue to the extent that such variation orders and claims have been approved by the parties to the contracts and it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

We identified recognition of contract revenue, contract assets and contract liabilities for design and build contracts as key audit matter because the estimation of contract costs and the recognition of variable considerations require the use of significant management judgment and involve estimation uncertainty.

Our audit procedures in relation to the recognition of contract revenue, contract assets and contract liabilities included:

- Understanding the procedures and relevant controls of the Group in preparing and updating budgets for construction works and recording contract costs.
- Agreeing estimated contract costs to respective contract budgets, on a sample basis.
- Evaluating reasonableness of contract budgets through discussion with management about the preparation of those budgets.
- Testing contract costs incurred to date and estimated total costs to underlying supporting evidence, on a sample basis.
- Assessing reliability of contract budgets by comparing actual contract costs against budgeted costs of completed projects.
- Testing material variation orders and claims to underlying supporting evidence, on a sample basis.
- Checking the calculations of progress towards complete satisfaction of performance obligation of individual contract and the amounts of contract revenue and gross profit recognised.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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. This report is made solely to you, as a body, in accordance with the terms of our 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.

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with the directors, 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.

BDO Limited
Certified Public Accountants

Lee Ming Wai
Practising Certificate no. P05682

Hong Kong, 25 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	*7*	**403,211**	243,399
Cost of revenue		**(310,349)**	(180,229)
Gross profit		**92,862**	63,170
Other income, gains and losses	*8*	**244**	4,183
Administrative and other operating expenses		**(47,910)**	(39,283)
Fair value loss on financial assets at fair value through profit or loss		**(185)**	–
Finance costs	*9*	**(802)**	(400)
Profit before income tax	*10*	**44,209**	27,670
Income tax expense	*11*	**(7,409)**	(4,371)
Profit for the year		**36,800**	23,299
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising from translating foreign operation		**17**	(5)
Total comprehensive income for the year		**36,817**	23,294
Profit for the year attributable to owners of the Company		**36,800**	23,299
Total comprehensive income for the year attributable to owners of the Company		**36,817**	23,294
		HK cents	HK cents
Earnings per share	*14*		
– Basic		**3.7**	2.3
– Diluted		**3.7**	2.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*15*	**6,046**	2,321
Deposit and prepayments	*18*	**1,345**	3,109
Right-of-use assets	*29*	**10,381**	13,956
		17,772	19,386
Current assets			
Inventories	*16*	**2,224**	1,328
Contract assets	*17(b)*	**95,487**	90,628
Trade and other receivables, deposits and prepayments	*18*	**198,318**	83,440
Financial assets at fair value through profit or loss	*19*	**1,369**	–
Pledged bank deposits	*20*	**5,000**	5,000
Cash and bank balances	*21*	**88,319**	149,157
		390,717	329,553
Current liabilities			
Contract liabilities	*17(c)*	**56,825**	50,571
Trade and other payables	*22*	**64,108**	46,297
Bank borrowings	*23*	**15,850**	1,127
Lease liabilities	*29*	**2,805**	2,886
Tax payable		**3,264**	57
		142,852	100,938
Net current assets		**247,865**	228,615
Total assets less current liabilities		**265,637**	248,001
Non-current liabilities			
Lease liabilities	*29*	**8,324**	11,128
Net assets		**257,313**	236,873
CAPITAL AND RESERVES			
Share capital	*24*	**10,000**	10,000
Reserves	*27*	**247,313**	226,873
Total equity		**257,313**	236,873

On behalf of the directors

Lee Chi Hung	**Lam Suk Yee**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Equity attributable to owners of the Company						
	Share capital HK$'000 *(note 24)*	Share premium* HK$'000 *(note 27)*	Merger reserve* HK$'000 *(note 27)*	Translation reserve* HK$'000 *(note 27)*	Share-based payments reserve* HK$'000 *(note 27)*	Retained profits* HK$'000 *(note 27)*	Total equity HK$'000
Balance as at 1 January 2021	**10,000**	**82,848**	**(4,592)**	**(47)**	**–**	**148,664**	**236,873**
Profit for the year	–	–	–	–	–	36,800	36,800
Other comprehensive income for the year:							
Exchange difference arising from translating foreign operation	–	–	–	17	–	–	17
Total comprehensive income for the year	–	–	–	17	–	36,800	36,817
2021 interim dividend declared *(note 13(a))*						(5,500)	(5,500)
2020 final dividend approved *(note 13(b))*	–	–	–	–	–	(11,000)	(11,000)
Issue of share options *(note 25)*	–	–	–	–	123	–	123
Balance at 31 December 2021	**10,000**	**82,848**	**(4,592)**	**(30)**	**123**	**168,964**	**257,313**

* The total of these equity accounts at the end of the reporting period represents "Reserves" in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Equity attributable to owners of the Company						
	Share capital HK$'000 *(note 24)*	Share premium* HK$'000 *(note 27)*	Merger reserve* HK$'000 *(note 27)*	Translation reserve* HK$'000 *(note 27)*	Share-based payments reserve* HK$'000 *(note 27)*	Retained profits* HK$'000 *(note 27)*	Total equity HK$'000
Balance as at 1 January 2020	10,000	82,848	(4,592)	(42)	238	139,127	227,579
Profit for the year	–	–	–	–	–	23,299	23,299
Other comprehensive income for the year:							
Exchange difference arising from translating foreign operation	–	–	–	(5)	–	–	(5)
Total comprehensive income for the year	–	–	–	(5)	–	23,299	23,294
2019 final dividend approved *(note 13(b))*	–	–	–	–	–	(14,000)	(14,000)
Lapse of share options	–	–	–	–	(238)	238	–
Balance at 31 December 2020	10,000	82,848	(4,592)	(47)	–	148,664	236,873

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	2021 HK$'000	2020 HK$'000
Cash flows from operating activities		
Profit before income tax	**44,209**	27,670
Adjustments for:		
Depreciation of property, plant and equipment	**3,159**	1,136
Depreciation of right-of-use assets	**3,575**	2,779
Equity-settled share-based payment expense	**123**	–
Gain on lease modification	**–**	(22)
Impairment loss on contract assets	**–**	182
Impairment loss/(Reversal of impairment loss) on trade receivables	**4**	(3)
Reversal of impairment loss on retention receivables	**–**	(342)
Fair value loss on financial assets at fair value through profit or loss	**185**	–
Dividend income from financial assets at fair value through profit or loss	**(27)**	–
Bank interest income	**(36)**	(50)
Interest expenses	**802**	400
Operating profit before working capital changes	**51,994**	31,750
Increase in inventories	**(896)**	(523)
Increase in contract assets	**(4,859)**	(16,149)
Increase in trade and other receivables, deposits and prepayments	**(114,867)**	(7,323)
Increase in contract liabilities	**6,254**	47,214
Increase/(Decrease) in trade and other payables	**17,770**	(9,343)
Increase in financial assets at fair value through profit or loss	**(1,554)**	–
Cash (used in)/generated from operations	**(46,158)**	45,626
Dividend income from financial assets at fair value through profit or loss	**27**	–
Income tax paid	**(4,202)**	(5,192)
Net cash (used in)/generated from operating activities	**(50,333)**	40,434
Cash flows from investing activities		
Interest received	**36**	50
Acquisition of property, plant and equipment	**(5,101)**	(1,210)
Prepayment for acquisition of property, plant and equipment	**–**	(1,764)
Net cash used in investing activities	**(5,065)**	(2,924)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Cash flows from financing activities	*32*		
Proceeds from bank borrowings		**21,020**	1,127
Repayment of bank borrowings		**(6,297)**	(1,000)
Payment of principal element of lease liabilities		**(2,885)**	(2,548)
Payment of interest element of lease liabilities		**(298)**	(162)
Payment of other interest		**(504)**	(238)
Dividends paid		**(16,500)**	(14,000)
Net cash used in financing activities		**(5,464)**	(16,821)
(Decrease)/Increase in cash and cash equivalents		**(60,862)**	20,689
Effect of exchange rate changes on cash and cash equivalents		**24**	1
Cash and cash equivalents at the beginning of year		**149,157**	128,467
Cash and cash equivalents at the end of year		**88,319**	149,157
Analysis of balances of cash and cash equivalents			
Cash and bank balances as stated in the consolidated statement of financial position		**88,319**	149,157

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

G & M Holdings Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 29 November 2016. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1–1108, Cayman Islands. Its principal place of business is located at 11/F, Magnet Place Tower 1, 77–81 Container Port Road, Kwai Chung, New Territories, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred hereafter as the "**Group**") is principally engaged in provision of one-stop design and build solutions as well as repair and maintenance services in relation to podium facade and curtain wall works in Hong Kong.

The Company's parent is Luxury Booming Limited ("**Luxury Booming**"), a limited liability company incorporated in the British Virgin Islands (the "**BVI**"). In the opinion of the directors, Luxury Booming is also the ultimate parent of the Company.

The financial statements for the year ended 31 December 2021 were approved and authorised for issue by the directors on 25 March 2022.

2. BASIS OF PRESENTATION

(a) Statement of compliance

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which collective term includes individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

It should be noted that accounting estimates and assumptions are used in the preparation of these financial statements. Although these estimates and assumptions are based on management's best knowledge and judgment of current events and actions, actual results may ultimately different from those estimates and assumptions. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these financial statements are disclosed in note 5.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out below.

Amounts are rounded to the nearest thousands, unless otherwise stated.

(c) Functional and presentation currencies

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

3. ADOPTION OF HKFRSs

(a) Adoption of new or revised HKFRSs – effective on 1 January 2021

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2021:

Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Amendment to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The adoption of these new or revised HKFRSs did not have any significant impact on the Group's accounting policies or financial results and financial position.

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs have been issued, but are not yet effective and have not been early adopted by the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[4]
HK-Int 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[4]
Amendments to HKAS 8	Definition of Accounting Estimates[4]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[4]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[3]
Amendments to HKFRS 16	COVID-19-Related Rent Concessions Beyond 30 June 2021[1]
Annual Improvements to HKFRS 2018–2020	Amendments to HKFRS 9 Financial Instruments and Amendments to Illustrative Examples accompanying HKFRS 16 Leases[2]

1 Effective for annual periods beginning on or after 1 April 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 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
4 Effective for annual periods beginning on or after 1 January 2023

3. ADOPTION OF HKFRSs (Continued)

(b) New or revised HKFRSs that have been issued but are not yet effective (Continued)

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

Amendments to HKAS 1 require material accounting policy information to be disclosed in financial statements rather than significant accounting policies and provide additional guidance in deciding which accounting policies should be disclosed. Amendments to HKFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

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

Amendments to HKAS 12 require entity to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The proposed amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences.

The directors anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The directors are currently assessing the possible effect of these new or revised standards on the Group's results and financial position in the first year of application. Except for the above amendments which may result in significant changes in disclosures for accounting policies in the financial statements, other new or revised HKFRSs that have been issued but are not yet effective are unlikely to have material impact on the Group's results and financial position upon application.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Business combination and basis of consolidation (Continued)

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

Changes in the Group's interests in a subsidiary that do not result in a loss of control of the subsidiary are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Business combination and basis of consolidation (Continued)

When the Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for on the same basis as would be required if the relevant assets or liabilities were disposed of.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present:

– power over the investee,

– exposure, or rights, to variable returns from the investee, and

– the ability to use its power to affect those variable returns.

Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists, the Company considers all relevant facts and circumstances, including:

– the size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;

– substantive potential voting rights held by the Company and other parties who hold voting rights;

– other contractual arrangements; and

– historic patterns in voting attendance.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiary are accounted for by the Company on the basis of dividends received and receivable.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Furniture and fixtures	5 years
Office equipment	5 years
Plant and machinery	5 years
Motor vehicle	3 years
Leasehold improvement	Over the shorter of 2 years or the remaining lease terms

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

(e) Leases – the Group as lessee

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of 12 months or less. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset
The right-of-use asset is initially recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Leases – the Group as lessee (Continued)

Lease liabilities

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the use of the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

(f) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(i) Financial assets (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

– Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

– Fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

– Fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(i) Financial assets (Continued)

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. On disposal of the investment, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. Equity instruments at fair value through other comprehensive income are not subject to impairment assessment.

All other equity instruments are classified as fair value through profit or loss, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit losses ("**ECLs**") on trade receivables, retention receivables (retention monies released by customers), other financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income. ECLs are measured on either of the following bases: (i) 12-months ECLs: these are ECLs that result from possible default events within the 12 months after the end of reporting period; and (ii) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measures loss allowances for trade and retention receivables (retention monies released by customers) using HKFRS 9 simplified approach and calculates ECLs based on lifetime ECLs. The ECLs is determined based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. ECLs on these assets are also assessed individually when they are determined to be credit-impaired.

For other debt financial assets, the Group applies the general approach to measure ECLs, that is to recognise ECLs based on 12-months ECLs. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECLs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if the contractual payments are more than 30 days past due.

The Group recognises an impairment loss or reversal in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in fair value through other comprehensive income reserve.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

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. 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.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities measured at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost including trade and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in accordance with the accounting policy for borrowing costs (note 4(r)).

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with the accounting policy set out in note 4(f)(ii); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of HKFRS 15 *Revenue from Contracts with Customers* ("**HKFRS 15**").

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9 *Financial Instruments*.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

(g) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Recognition of revenue and other income

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if:

– the customer simultaneously receives and consumes the benefits provided by the Group as the Group performs;

– the Group's performance creates or enhances an asset that the customer controls as the asset is created or 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.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liabilities under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(i) Contracts of design and build project

The Group has determined that there are significant integration of different elements underlying a design and build contract and thus such contract is considered to contain only one performance obligation. In addition, the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Accordingly, revenue from these contracts are recognised over time.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Recognition of revenue and other income (Continued)

(i) Contracts of design and build project (Continued)

When the outcome of a performance obligation in the design and build contract can be reasonably measured, contract revenue and the associated contract costs are recognised over time based on the progress of the respective contract at the end of the reporting period. The progress towards complete satisfaction of the performance obligation of a design and build contract is determined using input method which is measured by reference to the contract costs incurred to date as a proportion of the total estimated contract costs. Contract costs and contract progress are highly correlated for design and build contracts.

When the outcome of a performance obligation in design and build contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

Contract modification (i.e. variation orders and claims) are recognised when they are approved by customer. Generally modification to a design and build contract is not accounted for as a separate contract. Contract modification is accounted for as if it were a part of the existing contract and, therefore, form part of a single performance obligation that is partially satisfied at the date of the contract modification. The effect that the contract modification has on the contract sum and on the Group's measure of progress towards complete satisfaction of the performance obligation, is recognised as an adjustment to revenue (either as an increase in or a reduction of revenue) at the date of the contract modification (i.e. the adjustment to revenue is made on a cumulative catch-up basis). For approved modifications where a change in price has not been agreed and other claims, they are accounted for following the requirements in relation to variable consideration, that is to include in the transaction price to the extent that it is highly probable that a significant reversal in the amount of revenue recognised will not occur.

For warranty embedded in the design and build contract, the Group accounts for such warranty in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* unless the warranty provides the customer with a service in addition to the assurance that the contracting work complies with the agreed-upon specifications.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, a provision is recognised in accordance with the accounting policy for onerous contracts as set out in note 4(s).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Recognition of revenue and other income (Continued)

(ii) Repair and maintenance services

The contracts of repair and maintenance services are considered to contain only one performance obligation. Generally, the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs and for some contracts, the Group's performance creates or enhances an asset that the customer controls as the assets is created or enhanced. Accordingly, revenue from repair and maintenance services is recognised over time based on the progress towards complete satisfaction of the performance obligation of the respective contract at the end of the reporting period.

The progress towards complete satisfaction of the performance obligation of repair and maintenance services is determined as follows: (i) for large-scale repair and maintenance works with contract period of more than one year, it is determined using input method which is measured by reference to the contract costs incurred to date as a proportion of the total estimated contract costs; and (ii) for other small-scale repair and maintenance works, it is determined using output method which is measured by reference to certified work performed.

(iii) Other sources of income

Dividend income is recognised when the right to receive the dividend is established.

Interest income is recognised as it accrues using the effective interest method. Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. gross carrying amount less loss allowance) of the financial assets. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount (see note 4(f)(ii)).

(j) Contract balances

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. 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.

Contract assets are recognised when the Group completes the design and build works and the sizable repair and maintenance works under such services contracts but yet certified by architects, surveyors or other representatives appointed by customers. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Retention monies retained by customers to secure for the due performance of the contracts are contract assets in nature. When the conditions attached to retention monies are fulfilled, the retention monies are released by customers and such retention monies have become trade receivables in nature.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Contract balances (Continued)

Contract assets (Continued)

Contract assets are assessed for ECLs in accordance with the policy set out in note 4(f)(ii). Loss allowance for contract assets is measured at an amount equal to lifetime ECLs. ECLs on contract assets are estimated using a provision matrix based on the Group's historical loss experience, adjusted for factors that are specific to the customers and an assessment of both the current and forecast general economic conditions at the end of the reporting period. ECLs on these assets are also assessed individually when they are determined to be credit-impaired.

Contract liabilities

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If the consideration (including advances received from customers) exceeds the revenue recognised to date under the input method then the Group recognises a contract liability for the difference.

Contract costs

The Group recognises an asset for the costs incurred to fulfil a contract when those costs meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(b) 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

(c) the costs are expected to be recovered.

The asset 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 cost relate. The asset is subject to impairment review.

(k) Trade and other receivables

A receivable is recognised when the Company has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 4(j)).

Receivables, other than retention receivables not yet released by the customers, are stated at amortised cost using the effective interest method less allowance for credit losses (see note 4(f)(ii)).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 4(f)(vi), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period, and reflects any uncertainty related to income taxes.

Deferred tax liabilities are recognised for taxable temporary differences arising from 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 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 tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each reporting date 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 assets to be recovered.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "**functional currency**") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

For the purpose of preparing the consolidated financial statements, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as translation reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees render the related service.

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

Non-accumulated compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

(ii) Defined contribution retirement plan

Retirement benefits to employees are provided through defined contribution plans. The Group operates a defined contribution retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance, for all its employees who are eligible to participate in the MPF Scheme. The MPF Scheme is administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. The Group has no further payment obligations once the contributions have been paid. Contributions to the MPF Scheme are recognised as an expense in profit or loss when the services are rendered by the employees.

The employees of a subsidiary of the Company which operates in the People's Republic of China (the "**PRC**") are required to participate in a central pension scheme operated by the local municipal government. The subsidiary is required to contribute a specified percentage of payroll costs to the central pension scheme to fund the benefits. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's obligations under these plans are limited to the fixed percentage contribution payable.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the services received is measured by reference to the fair value of the options at the date of grant. Such fair value is recognised in profit or loss over the vesting period with a corresponding increase in the share-based payments reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all non-market vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

(q) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amount of property, plant and equipment, right-of-use assets and investments in subsidiaries to determine whether there is any indication that these assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognised as an expense immediately for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset or cash-generating unit.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's or cash-generating unit's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is credited to profit or loss in the period in which it arises.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which required a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investment of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(s) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reliably estimated.

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

Onerous contracts

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.

(t) Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity); and

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an 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.

Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these consolidated financial statements, other key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

(i) Recognition of contract revenue, contract assets and contract liabilities of design and build contracts

Contract revenue in respect of design and build contracts is recognised over time by measuring the progress towards complete satisfaction of the performance obligation on the basis of contract costs incurred to date as a proportion of the total estimated contract costs. Contract assets and contract liabilities are determined based on contract costs incurred, progress billings, any foreseeable losses and recognised profit which is also dependent on estimation of contract costs.

The recognition of contract revenue, contract assets and contract liabilities requires significant management judgment and involves estimation uncertainty. Estimated contract costs of individual contract, which mainly comprise subcontracting charges, materials and processing charges and direct labour, are supported by contract budget which was prepared by the directors on the basis of estimated subcontracting charges, cost of materials, processing charges and direct labour costs based on quotations provided by subcontractors and suppliers/vendors as well as directors' experience. In order to ensure the total estimated contract costs being accurate and up-to-date such that contract revenue, contract assets and contract liabilities can be estimated reliably, management reviews the contract budget, costs incurred to date and costs to completion regularly, in particular in the case of costs over-runs, and revises the estimated contract costs where necessary. For the purpose of updating the contract budget, the management may request for updated quotations from counterparties.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

(i) Recognition of contract revenue, contract assets and contract liabilities of design and build contracts (Continued)

Recognition of revenue for variation orders and claims also requires estimation and judgment by the management, particularly in assessing whether it is highly probable that a significant reversal in the amount of revenue recognised will not occur. In this assessment, management takes into account of factors such as current negotiation with customers, past experience of similar contracts and current economic conditions.

Notwithstanding that the management regularly reviews and revises contract budgets when those construction contracts progressed, contract costs and gross profit margin achieved may be higher or lower than the estimates and that will affect the revenue and gross profit recognised in the financial statements.

Further details of the Group's contract revenue, contract assets and contract liabilities are set out in notes 7 and 17 respectively.

(ii) Warranty provision

The Group provides assurance-type warranty to customers for a period up to 15 years for contracts completed by the Group. The Group undertakes to rectify the defects within the warranty period. Warranty provision is recognised for the expected costs to rectify the defects based on past experience of warranty claims made by the customers. Management reviews the sufficiency of warranty provision and make adjustments, if appropriate, at the end of each reporting period. As at 31 December 2021, warranty provision of HK$940,000 (2020: HK$1,200,000) was made for certain design and build projects (note 17(c)).

(iii) Impairment of trade receivables, retention receivables and contract assets

The measurement of loss allowance for ECLs of trade receivables, retention receivables and contract assets requires judgment and estimation, in particular, the estimation of the amount and timing of future cash flows when determining loss allowance and the assessment of whether the balance is credit-impaired. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At the end of each reporting period, the Group measures ECLs of trade receivables, retention receivables and contract assets. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes both quantitative and qualitative information and analysis, which include categorisation of customers into clusters of similar risk characteristics, deriving probabilities of default, loss given default and thus ECL rates for each cluster and adjusting the ECL rates for forward-looking information. These require significant estimation and judgement by the management. The Group's historical credit experience and forecast of economic conditions may not be representative of a customer's actual default in future. Further details about the ECLs assessment are set out in note 37(d).

6. SEGMENT INFORMATION

(a) Operating segment information

The information reported to the executive directors of the Company, who are the chief operating decision makers of the Group for the purposes of resources allocation and assessment of performance, is the financial information of the Group as a whole as reported under HKFRSs. Such information does not contain profit or loss information of particular product or service line or geographical area. Therefore, the Group has only one single operating segment, which is provision of one-stop design and build solutions as well as repair and maintenance services in relation to podium facade and curtain wall works in Hong Kong. The executive directors allocate resources and assess performance of the business of the Group on an aggregated basis.

The Group operates in Hong Kong and the PRC. All of the Group's revenue for the current year and prior year was derived in Hong Kong (place of domicile) whereas approximately 94% (2020: 92%) of the Group's non-current assets as at 31 December 2021 are located in Hong Kong. Accordingly, no separate segmental analysis is presented.

(b) Information about major customers

Revenue from major customers, each of them accounted for 10% or more of the Group's revenue, are set out below:

	2021	2020
	HK$'000	HK$'000
Customer I	**210,275**	119,106
Customer II	**164,781**	64,614
Customer III	**N/A**	50,366

N/A: not applicable as revenue derive from this customer is less than 10% of the Group's revenue

7. REVENUE

The Group is principally engaged in the provision of one-stop design and build solutions as well as repair and maintenance services in relation to podium facade and curtain wall works in Hong Kong. Revenue derived from the Group's principal activities comprises of the followings:

	2021	2020
	HK$'000	HK$'000
Design and build projects		
– Podium facade and related works	**378,264**	159,406
– Curtain wall works	**1,749**	73,449
	380,013	232,855
Repair and maintenance services	**23,198**	10,544
	403,211	243,399

Revenue derived from the Group's design and build projects and repair and maintenance services is within the scope of HKFRS 15 and is recognised over time.

Revenue expected to be recognised in the future arising from the provision of design and build services and repair and maintenance services, which represents the aggregate amount of the consideration entitled by the Group allocated to the remaining performance obligations of the Group's contracts existed at the end of the reporting period, is summarised as follows:

	2021	2020
	HK$'000	HK$'000
Design and build projects		
– Podium facade and related works	**525,755**	794,535
– Curtain wall works	**11,115**	8,557
Repair and maintenance services	**2,726**	20,079
	539,596	823,171

The Group will recognise the expected revenue arising from its existing design and build contracts and repair and maintenance contracts in future as the project work is progressed, which is expected to occur over the next 4 to 24 months (2020: 4 to 24 months).

For certain contracts of repair and maintenance services, the Company will recognise revenue for these contracts in future as the contract work is progressed, which have an original expected duration of one year or less. Accordingly, the Company has applied the practical expedients in HKFRS 15 not to disclose the remaining performance obligations for these contracts of repair and maintenance services.

8. OTHER INCOME, GAINS AND LOSSES

	2021 HK$'000	2020 HK$'000
Bank interest income	**36**	50
Dividend income from financial assets at fair value through profit or loss	**27**	–
(Impairment loss)/Reversal of impairment loss on trade receivables, retention receivables and contract assets	**(4)**	163
Government grants *(note)*	**–**	3,922
Others	**185**	48
	244	4,183

Note:

Government grants for the year ended 31 December 2020 included subsidies of HK$3,567,000 obtained from the Employment Support Scheme ("**ESS**") under the Anti-epidemic Fund launched by The Government of the Hong Kong Special Administrative Region supporting the payroll of the Group's employees. Under the ESS, the Group had committed to spend these subsidies on payroll expenses and not reduce employee head count below prescribed levels for a specified period. The remaining amount of HK$355,000 represented training subsidies obtained from the Construction Innovation and Technology Fund ("**CITC**") under The Construction Industry Council. Under the CITC, the Group had committed to spend these subsidies on Building Information Modeling ("**BIM**") training and BIM Software with specific vendors. There were no unfulfilled conditions under the aforementioned programs attaching to the subsidies recognised.

9. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Interest on bank borrowings	**504**	238
Interest on lease liabilities *(note 29)*	**298**	162
	802	400

10. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	2021 HK$'000	2020 HK$'000
Auditor's remuneration	**670**	630
Cost of inventories recognised as expense#	**171,957**	64,986
Depreciation		
– Property, plant and equipment*	**3,159**	1,136
– Right-of-use assets*		
Properties and machinery leased for own use *(note 29)*	**3,575**	2,779
	6,734	3,915
Employee benefit expenses (including directors' emoluments) *(note 12(a))*		
– Salaries, allowances and other benefits	**63,396**	56,447
– Contributions to defined contribution retirement plans@	**1,263**	1,184
– Equity-settled share-based payment expense *(note 25)*	**123**	–
	64,782	57,631
Exchange (gain)/losses, net*	**(190)**	4
Gain on lease modification	**–**	(22)
Impairment loss/(Reversal of impairment loss) on:		
– Contract assets	**–**	182
– Trade receivables	**4**	(3)
– Retention receivables	**–**	(342)
	4	(163)
Short-term leases expenses	**1,166**	1,426
Warranty expense#	**–**	3

\# Included in cost of revenue

* Included in administrative and other operating expenses

@ For the year ended 31 December 2021, no forfeited contribution in respect of the defined contribution retirement plans were utilised by the Group to reduce the contribution payable to the plans (2020: nil). As at 31 December 2021, no forfeited contribution under these plans is available to reduce future contribution (2020: nil).

11. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of comprehensive income represents:

	2021 **HK$'000**	2020 HK$'000
Hong Kong Profits Tax		
– Current tax for the year	**7,455**	4,224
– (Over)/Under-provision in respect of prior years	**(52)**	143
	7,403	4,367
PRC Enterprise Income Tax		
– Current tax for the year	**6**	4
	7,409	4,371

The Company and its Hong Kong incorporated subsidiaries are subject to Hong Kong Profits Tax, which is calculated at tax rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Company which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

For the years ended 31 December 2021 and 2020, the PRC subsidiary of the Company was eligible to be classified as small enterprise by the local bureau and the corresponding assessable profits are taxed at progressive rate. The first Renminbi ("**RMB**") 1,000,000 assessable profit is taxed at 5% and assessable profit above RMB1,000,000 but less than RMB3,000,000 is taxed at 10%.

11. INCOME TAX EXPENSE (Continued)

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

	2021 **HK$'000**	2020 HK$'000
Profit before income tax	**44,209**	27,670
Tax calculated at Hong Kong Profits Tax rate of 16.5%	**7,294**	4,567
Tax effect of profit at concessionary rate	**(165)**	(165)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(121)**	40
Tax effect of income not taxable for tax purposes	**(6)**	(597)
Tax effect of expenses not deductible for tax purposes	**419**	435
Tax effect of temporary differences not recognised	**40**	(52)
(Over)/Under-provision in respect of prior years	**(52)**	143
	7,409	4,371

No deferred tax has been provided in these financial statements as there were no material temporary differences as at 31 December 2021 and 2020.

Pursuant to the PRC Enterprise Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by the subsidiary established in the PRC in respect of earnings generated by this PRC subsidiary from 1 January 2008.

At 31 December 2021, no deferred tax liabilities (2020: nil) was recognised for withholding taxes that would be payable on the unremitted earnings of the PRC subsidiary of the Company, which amounted to RMB2,098,000, equivalent to approximately HK$2,574,000 (2020: RMB912,400, equivalent to approximately HK$1,083,000) as in the opinion of the directors, it is not probable that the PRC subsidiary will distribute such earnings in the foreseeable future.

12. DIRECTORS' EMOLUMENTS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

Directors' emoluments are disclosed as follows:

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000 *(Note)*	Pension scheme contribution HK$'000	Total HK$'000
Year ended 31 December 2021					
Executive directors					
Mr. Lee Chi Hung					
(Chairman and Chief Executive Director)	–	3,034	956	18	4,008
Mr. Chan Wai Yin					
(resigned on 1 January 2021)	–	–	–	–	–
Ms. Lam Suk Yee	–	455	63	18	536
Non-executive director					
Mr. Leung Ping Kwan	–	780	–	–	780
Independent non-executive directors					
Professor Wong Roderick Sue Cheun	240	–	–	–	240
Mr. Tai Kwok Leung, Alexander	240	–	–	–	240
Mr. Kwan Cheuk Kui	240	–	–	–	240
	720	4,269	1,019	36	6,044

12. DIRECTORS' EMOLUMENTS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

Directors' emoluments are disclosed as follows:

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000 *(Note)*	Pension scheme contribution HK$'000	Total HK$'000
Year ended 31 December 2020					
Executive directors					
Mr. Lee Chi Hung					
(Chairman and Chief Executive Director)	–	2,945	788	18	3,751
Mr. Chan Wai Yin	–	1,230	287	18	1,535
Ms. Lam Suk Yee					
(appointed on 18 June 2020)	–	244	–	10	254
Non-executive director					
Mr. Leung Ping Kwan	–	780	–	–	780
Independent non-executive directors					
Professor Wong Roderick Sue Cheun	240	–	–	–	240
Mr. Tai Kwok Leung, Alexander	240	–	–	–	240
Mr. Kwan Cheuk Kui	240	–	–	–	240
	720	5,199	1,075	46	7,040

Note:

The discretionary bonus of the directors is determined by the Remuneration Committee having regard to their performance.

During the years ended 31 December 2021 and 2020, no directors waived or agreed to waive any emoluments and there were no amounts paid or payable by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

12. DIRECTORS' EMOLUMENTS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2021 include one director (2020: two directors) whose emoluments are included in the analysis presented note (a) above. The emoluments of the remaining four (2020: three) highest paid individuals during the years ended 31 December 2021 and 2020 are as follows:

	2021 **HK$'000**	2020 HK$'000
Salaries, allowances and other benefits	**5,917**	4,198
Discretionary bonus	**1,607**	1,067
Contributions to retirement benefits schemes	**54**	36
	7,578	5,301

Their emoluments were within the following bands:

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

No emolument was paid by the Group to any of the non-director highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office in the current year or in prior year.

(c) Senior management's emoluments

Emoluments paid or payable to members of senior management who are not directors were within the following bands:

	2021 **Number of** **individuals**	2020 Number of individuals
HK$1,000,001 to HK$1,500,000	**4**	4
HK$1,500,001 to HK$2,000,000	**1**	2
HK$2,000,001 to HK$2,500,000	**2**	–

13. DIVIDENDS

(a) Dividends payable to owners of the Company attributable to the year

	2021 **HK$'000**	2020 HK$'000
Interim dividend declared and paid of HK0.55 cents (2020: nil) per share	**5,500**	–
Proposed final dividend of HK1.1 cents (2020: HK1.1 cents) per share	**11,000**	11,000
	16,500	11,000

Final dividend in respect of the year ended 31 December 2021 of HK1.1 cents (2020: HK1.1 cents) per share, amounting to HK$11,000,000 (2020: HK$11,000,000) has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting. The proposed final dividends are not reflected as dividend payable in the financial statements for the year ended 31 December 2021. There are no income tax consequences for the Group related to the payment of dividends by the Company to its shareholders.

(b) Dividends payable to owners of the Company attributable to the previous financial year, approved and paid during the year

	2021 **HK$'000**	2020 HK$'000
Final dividend in respect of previous financial year, approved and paid during the year of HK1.1 cents (2020: HK1.4 cents) per share	**11,000**	14,000

14. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

	2021	2020
	HK$'000	HK$'000
Earnings		
Profit for the year attributable to owners of the Company	**36,800**	23,299
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,000,000**	1,000,000
Effect of dilutive potential ordinary shares		
– Share options	**182**	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,000,182**	1,000,000

For the purposes of calculating diluted earnings per share for the year ended 31 December 2021, the weighted average number of ordinary shares has been adjusted for the dilutive effect arising from the share options issued during the year. For the purpose of calculating diluted earnings per share for the year ended 31 December 2020, no adjustment had been made as the exercise of the outstanding share options had an anti-dilutive effect on the basic earnings per share.

15. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Leasehold improvement HK$'000	Total HK$'000
Cost						
1 January 2020	109	4,708	1,485	660	3,385	10,347
Additions	7	1,203	–	–	–	1,210
Exchange realignment	–	92	–	–	–	92
As at 31 December 2020 and 1 January 2021	**116**	**6,003**	**1,485**	**660**	**3,385**	**11,649**
Additions	**679**	**466**	**–**	**1,343**	**4,377**	**6,865**
Exchange realignment	**–**	**58**	**–**	**–**	**–**	**58**
As at 31 December 2021	**795**	**6,527**	**1,485**	**2,003**	**7,762**	**18,572**
Accumulated depreciation						
As at 1 January 2020	52	3,126	1,335	378	3,245	8,136
Depreciation	18	794	150	98	76	1,136
Exchange realignment	–	56	–	–	–	56
As at 31 December 2020 and 1 January 2021	**70**	**3,976**	**1,485**	**476**	**3,321**	**9,328**
Depreciation	**161**	**815**	**–**	**172**	**2,011**	**3,159**
Exchange realignment	**–**	**39**	**–**	**–**	**–**	**39**
As at 31 December 2021	**231**	**4,830**	**1,485**	**648**	**5,332**	**12,526**
Net book value						
As at 31 December 2021	**564**	**1,697**	**–**	**1,355**	**2,430**	**6,046**
As at 31 December 2020	46	2,027	–	184	64	2,321

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Included in deposit and prepayments (note 18) as at 31 December 2020 was a prepayment of HK$1,764,000 for the purchase of property, plant and equipment with total consideration of HK$3,693,000. The concerned property, plant and equipment was delivered and the outstanding consideration of HK$1,929,000 was fully settled during the year.

16. INVENTORIES

	2021 HK$'000	2020 HK$'000
Raw materials	**2,224**	1,328

17. CONTRACT ASSETS/CONTRACT LIABILITIES

(a) Terms and arrangements of construction services

The Group's design and build contracts and certain large-scale repair and maintenance services contracts include payment schedules which require stage payments over the contract period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. When the revenue recognised exceeds the milestone payments, the Group recognises contract assets for the difference.

Contract assets arising from these unbilled revenue represent a right to consideration from the customers in exchange of the services transferred to the customers when that right is subject to conditions other than solely the passage of time. Upon the completed services being accepted by the customers, the amounts recognised as contract assets on unbilled revenue are reclassified to trade receivables.

In addition, the Group generally provides retention period of 1 to 2 years and normally retention monies represent 5% to 10% of the contract sum. Retention receivables are part of the consideration arising from design and build contracts and sizable repair and maintenance services contracts that are retained by the customers and are payable to the Group upon completion of the maintenance period of the relevant contract or in accordance with the terms specified in the relevant contract. Retention monies are intended to protect the customers from the Group failing to complete its obligations under the contracts rather than to provide financing to the customers. Retention receivables are also recognised as contract assets.

The terms and conditions in relation to the release of retention monies vary from contract to contract, which may be subject to practical completion of contracts, expiry of defect liability period and rectification of defects to the satisfaction of customers. Upon release of retention monies by the customers, retention receivables recognised as contract assets will be reclassified to "Retention receivables" under "Trade and other receivables, deposits and prepayments" (note 18). For other small-scale repair and maintenance services contracts, the Group normally issues bill to the customers for payment along when the services are rendered.

When the milestone payments exceeds the revenue recognised to date, the Group recognises contract liabilities for the difference.

17. CONTRACT ASSETS/CONTRACT LIABILITIES (Continued)

(b) Contract assets

	2021 HK$'000	2020 HK$'000
Contract assets are arising from:		
– Design and build contracts	**95,297**	89,575
– Repair and maintenance services	**950**	1,813
Contract assets (gross)	**96,247**	91,388
Less: Loss allowance	**(760)**	(760)
	95,487	90,628

	2021 HK$'000	2020 HK$'000
Unbilled revenue	**61,240**	64,281
Retention receivables	**35,007**	27,107
Contract assets (gross)	**96,247**	91,388

The expected timing of recovery or settlement of gross amount of contract assets at the end of the reporting period is as follows:

	2021 HK$'000	2020 HK$'000
Within one year	**78,781**	76,170
More than one year	**17,466**	15,218
	96,247	91,388

The movements in the loss allowance for impairment on contract assets are as follows:

	2021 HK$'000	2020 HK$'000
At the beginning of the year	**760**	578
Impairment loss charged to profit or loss	**–**	182
At the end of the year	**760**	760

17. CONTRACT ASSETS/CONTRACT LIABILITIES (Continued)

(b) Contract assets (Continued)

The Group recognises impairment allowance on contract assets based on the accounting policy as stated in note 4(f)(ii). Further details of the Group's credit policy and credit risk arising from contract assets are set out in note 37(d).

(c) Contract liabilities

	2021 **HK$'000**	2020 HK$'000
Contract liabilities arising from:		
– Design and build projects*	**54,672**	50,279
– Repair and maintenance services	**2,153**	292
	56,825	50,571

* Included warranty provision made for design and build projects amounting to HK$940,000 as at 31 December 2021 (2020: HK$1,200,000). During the year ended 31 December 2021, warranty costs amounting to HK$260,000 (2020: nil) were incurred and charged against the warranty provision.

The movement in contract liabilities excluding warranty provision are as follows:

	2021 **HK$'000**	2020 HK$'000
At the beginning of the year	**49,371**	2,157
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(48,627)**	(1,109)
Increase in contract liabilities as a result of billing in advance during the year	**55,141**	48,323
At the end of the year	**55,885**	49,371

18. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 **HK$'000**	2020 HK$'000
Non-current		
Prepayment for acquisition of property, plant and equipment	**–**	1,764
Refundable rental deposits	**1,345**	1,345
	1,345	3,109
Current		
Trade receivables *(note (a))*	**173,045**	55,905
Less: Loss allowance *(note (b))*	**(79)**	(75)
Trade receivables, net	**172,966**	55,830
Retention receivables	**267**	1,791
Less: Loss allowance *(note (b))*	**(22)**	(1,526)
Retention receivables, net	**245**	265
Deposits and prepayments	**25,107**	27,345
	198,318	83,440

18. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Notes:

(a) Trade receivables

The credit period granted to customers ranged from 20 to 60 days.

The ageing analysis of the trade receivables (net of loss allowance), based on invoice date, as at the end of the reporting period is as follows:

	2021 **HK$'000**	2020 HK$'000
0 – 30 days	**157,654**	53,563
31–60 days	**13,935**	216
61–90 days	**52**	247
Over 90 days but less than 1 year	**488**	1,620
Over 1 year	**837**	184
	172,966	55,830

(b) Loss allowance for impairment on trade and retention receivables

The movements in the loss allowance for impairment on trade and retention receivables are as follows:

	2021 **HK$'000**	2020 HK$'000
At the beginning of the year	**1,601**	1,946
Impairment loss/(Reversal of impairment loss) recognised	**4**	(345)
Amount written off during the year	**(1,504)**	–
At the end of the year	**101**	1,601

The Group recognises impairment loss on trade and retention receivables based on the accounting policies set out in note 4(f)(ii). Further details of the Group's credit policy and credit risk arising from trade and retention receivables are set out in note 37(d).

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021	2020
	HK$'000	HK$'000
Equity securities, listed in Hong Kong	**1,369**	–

20. PLEDGED BANK DEPOSITS

Pledged bank deposits are denominated in HK$ and interest-bearing at 0.1% per annum (2020: fixed rate of 0.1% per annum). Pledged bank deposits as at 31 December 2020 had initial maturity period of three months.

Pledged bank deposits were placed in a bank to secure certain banking facilities of the Group (notes 23).

21. CASH AND BANK BALANCES

Cash at banks earns interest at floating rate based on daily bank deposits rates.

22. TRADE AND OTHER PAYABLES

	2021	2020
	HK$'000	HK$'000
Trade payables *(note (a))*	**40,718**	26,978
Retention payables *(note (b))*	**9,218**	8,241
Accruals and other payables	**14,172**	11,078
	64,108	46,297

22. TRADE AND OTHER PAYABLES (Continued)

Notes:

(a) Trade payables

The credit period granted by the suppliers and subcontractors is normally 0 to 60 days.

The ageing analysis of the trade payables, based on invoice date, as at the end of the reporting period is as follows:

	2021	2020
	HK$'000	HK$'000
0 – 30 days	**28,564**	17,219
31–60 days	**9,391**	3,237
61–90 days	**328**	400
Over 90 days	**2,435**	6,122
	40,718	26,978

(b) Retention payables

Based on the terms and conditions agreed in relation to the release of retention monies to subcontractors and taking into account the status of rectification work, the retention payables as at the end of the reporting period are to be settled as follows:

	2021	2020
	HK$'000	HK$'000
On demand or within one year	**7,320**	7,706
More than one year	**1,898**	535
	9,218	8,241

23. BANK BORROWINGS

	2021 HK$'000	2020 HK$'000
Bank borrowings repayable within one year	**15,850**	1,127

The bank borrowings, including trade financing, are interest bearing at the bank's prime rate or the bank's prime rate adjusted by certain basis points per annum. The interest rate of the Group's bank borrowings as at 31 December 2021 ranged from 2.16% to 2.56% (2020: 3.13%) per annum. The bank borrowings are subject to repayment on demand clause.

As at 31 December 2021 and 2020, the banking facilities (including bank borrowings and surety bonds/letters of guarantee) granted to the Group were secured by the bank deposits as described in note 20, the proceeds of a design and build project and the corporate guarantee provided by the Company.

24. SHARE CAPITAL

	2021 Number of shares	2021 Amount HK$'000	2020 Number of shares	2020 Amount HK$'000
Ordinary share of HK$0.01 each				
Authorised:				
At the beginning and end of the year	**10,000,000,000**	**100,000**	10,000,000,000	100,000
Issued and fully paid:				
At the beginning and end of the year	**1,000,000,000**	**10,000**	1,000,000,000	10,000

25. SHARE OPTION SCHEME

Pursuant to resolutions passed by the shareholder of the Company on 12 May 2017, the shareholder of the Company approved the adoption of a share option scheme (the "**Share Option Scheme**"). The Share Option Scheme enables the Company to grant options to eligible persons (including any full-time or part-time employee of the Group, including any directors, advisors and consultants of the Group) as incentives or rewards for their contributions to the Group.

The Share Option Scheme will be valid and effective for a period of 10 years commencing from the listing date (13 June 2017), after which period no further options may be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and the options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

The total number of shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and other share option schemes must not, in aggregate, exceed 10% of the shares in issue as at the listing date provided that options lapsed in accordance with the terms of the Shares Option Scheme or other share option schemes will not be counted for the purpose of calculating the scheme mandate limit. On the basis of 1,000,000,000 shares in issue on the listing date, the scheme mandate limit is equivalent to 100,000,000 shares, representing 10% of the shares in issue as at the listing date. Subject to the approval of shareholders in general meeting and the issue of a circular, the Company may renew the scheme mandate limit to the extent that the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and other share option schemes under the scheme mandate limit as renewed must not exceed 10% of the shares in issue as at the date of such shareholders' approval provided that options previously granted under the Share Option Scheme and other share option schemes (including those outstanding, cancelled, exercised or lapsed in accordance with the terms thereof) will not be counted for the purpose of calculating the scheme mandate limit as renewed. Subject to the approval of shareholders in general meeting and issue of a circular, the Company may also grant options beyond the scheme mandate limit provided that options in excess of the scheme mandate limit are granted only to eligible persons specifically identified by the Company before such shareholders' approval is sought. Notwithstanding the foregoing, the Company may not grant any options if the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other share option schemes exceeds 30% of the shares in issue from time to time.

25. SHARE OPTION SCHEME (Continued)

The total number of shares issued and to be issued upon exercise of the options granted to a participant under the Share Option Scheme and other share option schemes (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue from time to time, and provided that if approved by shareholders in general meeting with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting, the Company may make a further grant of options to such participant notwithstanding that the further grant would result in the shares issued and to be issued upon exercise of all options granted and to be granted under the Share Option Scheme and other share option schemes to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of the further grant representing in aggregate over 1% of the shares in issue from time to time. In relation to the further grant, the Company must send a circular to the shareholders, which discloses the identity of the relevant participant, the number and the terms of the options to be granted (and options previously granted to such participant under the Share Option Scheme and other share option schemes) and the information required under the Listing Rules. In relation to the further grant, the Company must send a circular to the shareholders.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the board of the directors (the "**Board**") to each participant provided that the period within which the option must be exercised shall not be more than 10 years from the date of the grant of option.

The Board may, at its discretion, invite any eligible persons to take up options at a price determined by the board and notified to each participant and shall be the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the options; and (iii) the nominal value of a share.

Upon acceptance of the option, the eligible person shall pay HK$1 to the Company by way of consideration for the grant. The option will be offered for acceptance for a period of not less than 5 trading days from the date on which the option is granted.

On 2 November 2018, the Company granted an aggregate of 5,500,000 share options under the Share Option Scheme to subscribe for the ordinary shares of nominal value of HK$0.01 each of the Company to eligible participants of the Group. Among the total of 5,500,000 share options granted, 3,000,000 share options were granted to a then director of the Company.

On 16 April 2021, the Company granted an aggregate of 3,000,000 share options under the Share Options Scheme to subscribe for the ordinary shares of nominal value of HK$0.01 each of the Company to a senior management of the Group.

25. SHARE OPTION SCHEME (Continued)

The following share options were outstanding under the Share Option Scheme during the year:

	2021 Weighted average exercise price HK$	**2021 Number of share options**	2020 Weighted average exercise price HK$	2020 Number of share options
Outstanding at the beginning of the year	**–**	**–**	0.280	2,750,000
Granted during the year	**0.161**	**3,000,000**	–	–
Forfeited during the year	**–**	**–**	0.280	(2,750,000)
Outstanding at the end of the year	**0.161**	**3,000,000**	–	–

The share options outstanding as at 31 December 2021 had a weighted average remaining contractual life of 4.3 years and are exercisable by the grantee. As at 31 December 2021, the number of shares issuable for the share options granted under the Share Option Scheme was 3,000,000.

The fair value of the share options granted by the Company under the Share Option Scheme on 16 April 2021 was HK$123,000 (HK$0.04091 per option). The fair value was estimated by independent professional valuer at the date of grant using Binomial Model taking into account the terms and conditions of the share options granted. The following table shows the significant inputs used in the valuation:

	2021
Weighted average share price at grant date	**HK$0.160**
Exercise price	**HK$0.161**
Weighted average contractual life	**5.039 years**
Expected volatility	**54.469%**
Expected dividend rate	**8.066%**
Risk-free interest rate	**0.644%**

The expected volatility is based on the historical price volatility of the Company. Expected dividends are based on historical dividends.

During the year ended 31 December 2021, share-based payment expense of HK$123,000 was charged to profit or loss and credited to share-based payments reserve.

26. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2021 HK$'000	2020 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries	*28*	**63,185**	63,185
Current assets			
Amounts due from subsidiaries		**116,231**	118,271
Other receivables and prepayments		**540**	534
Cash and bank balances		**678**	118
		117,449	118,923
Current liabilities			
Accruals and other payables		**708**	686
Amount due to a subsidiary		**11,396**	11,396
		12,104	12,082
Net current assets		**105,345**	106,841
Net assets		**168,530**	170,026
CAPITAL AND RESERVES			
Share capital	*24*	**10,000**	10,000
Reserves	*27*	**158,530**	160,026
Total equity		**168,530**	170,026

On behalf of the directors

Lee Chi Hung
Director

Lam Suk Yee
Director

27. RESERVES

The Group

Details of the movements in the Group's reserves for the years ended 31 December 2021 and 2020 are set out in the consolidated statement of changes in equity. The nature and purposes of reserves within equity are as follows:

Share premium

Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less expenses incurred in connection with the issue of the shares.

Merger reserve

Merger reserves arose from combining the financial statements of the companies now comprising the Group under the reorganisation.

Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operation in accordance with the accounting policy set out in note 4(n).

Share-based payments reserve

Share-based payments reserve comprises cumulative expenses recognised for the share options granted over the vesting period (note 4(p)).

Retained profits

Retained profits is the cumulative net gains and losses recognised in profit or loss.

The Company

Details of the movements in the Company's reserves during the years ended 31 December 2021 and 2020 are as follows:

	Share premium HK$'000	**Share-based payments reserve** HK$'000	**Retained profits** HK$'000	**Total** HK$'000
As at 1 January 2020	146,033	238	18,232	164,503
Profit for the year	–	–	9,523	9,523
2019 final dividend approved *(note (13(b))*	–	–	(14,000)	(14,000)
Lapse of share options	–	(238)	238	–
As at 31 December 2020 and 1 January 2021	**146,033**	**–**	**13,993**	**160,026**
Profit for the year	**–**	**–**	**14,881**	**14,881**
2021 interim dividend declared *(note 13(a))*	**–**	**–**	**(5,500)**	**(5,500)**
2020 final dividend approved *(note 13(b))*			**(11,000)**	**(11,000)**
Issue of share options *(note 25)*	**–**	**123**	**–**	**123**
As at 31 December 2021	**146,033**	**123**	**12,374**	**158,530**

28. INVESTMENTS IN SUBSIDIARIES

Details of the subsidiaries are as follows:

Name of company	Place of incorporation/ registration and kind of legal entity	Place of operation	Issued and paid-in capital/ registered capital	Equity interest held by the Company 2021	Equity interest held by the Company 2020	Principal activities
Directly held:						
Join Forward Group Limited	BVI, limited liability company	Hong Kong	4 shares of United States Dollars ("**US$**") 1 each	**100%**	100%	Investment holding
Indirectly held:						
G & M Engineering Company Limited	Hong Kong, limited liability company	Hong Kong	1,000,000 shares of HK$1,000,000	**100%**	100%	Provision of one-stop design and build solutions for facade and curtain wall and undertaking repair and maintenance services
G & M Curtain Wall Maintenance Services Limited	Hong Kong, limited liability company	Hong Kong	10,000 shares of HK$10,000	**100%**	100%	Provision of repair and maintenance services for podium facade and curtain wall
G & M Contracting Limited	Hong Kong, limited liability company	Hong Kong	10,000 shares of HK$10,000	**100%**	100%	Inactive
深圳信越設計有限公司	The PRC, wholly-owned foreign enterprise with limited liability	The PRC	HK$1,000,000	**100%**	100%	Design of aluminum curtain wall, glass curtain wall and aluminum claddings

None of the subsidiaries had any debt securities in issue at the end of the reporting period.

29. LEASES

The Group as lessee

The Group leases office premises, carparks, warehouse and office equipment. The periodic rental for these leases is fixed over the lease term. Lease of these properties are negotiated for periods ranging from 2 years to 5 years (2020: 1.5 years to 5 years). In addition, a lease arrangement includes an option to renew the lease for an additional period after the contract term.

Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying leases is as follows:

	Buildings and car parks HK$'000	Office equipment HK$'000	Total HK$'000
As at 1 January 2020	2,801	688	3,489
Additions	11,563	1,021	12,584
Lease modification	1,151	–	1,151
Depreciation	(2,558)	(221)	(2,779)
Early termination	–	(489)	(489)
As at 31 December 2020 and 1 January 2021	**12,957**	**999**	**13,956**
Depreciation	**(3,371)**	**(204)**	**(3,575)**
As at 31 December 2021	**9,586**	**795**	**10,381**

Lease liabilities

The analysis of the carrying amount of lease liabilities by class of underlying leases is as follows:

	Buildings and car parks HK$'000	Office equipment HK$'000	Total HK$'000
As at 1 January 2020	2,884	673	3,557
Additions	11,344	1,021	12,365
Lease modification	1,151	–	1,151
Interest expense *(note 9)*	132	30	162
Lease payments	(2,469)	(241)	(2,710)
Early termination	–	(511)	(511)
As at 31 December 2020 and 1 January 2021	**13,042**	**972**	**14,014**
Interest expense *(note 9)*	**278**	**20**	**298**
Lease payments	**(2,967)**	**(216)**	**(3,183)**
As at 31 December 2021	**10,353**	**776**	**11,129**

29. LEASES (Continued)

Lease liabilities (Continued)

Future lease payments are due as follows:

	Minimum lease payments HK$'000	Interest HK$'000	Present value HK$'000
As at 31 December 2021			
Not later than one year	**3,032**	**227**	**2,805**
Later than one and not later than two years	**2,916**	**160**	**2,756**
Later than two and not later than five years	**5,693**	**125**	**5,568**
	11,641	**512**	**11,129**
As at 31 December 2020			
Not later than one year	3,183	297	2,886
Later than one and not later than two years	3,032	227	2,805
Later than two and not later than five years	8,609	286	8,323
	14,824	810	14,014

The present value of future lease payments are analysed as follows:

	2021 HK$'000	2020 HK$'000
Current liabilities	**2,805**	2,886
Non-current liabilities	**8,324**	11,128
	11,129	14,014

For the year ended 31 December 2021, the Group's total cash outflow for leases including short-term leases amounted to HK$4,349,000 (2020: HK$4,136,000).

30. GUARANTEES

The Group provided guarantees in respect of the surety bonds issued by the banks in favour of the customers of certain construction contracts. During the year, the Group also provided guarantee in respect of the irrevocable letters of guarantee issued by a bank in favour of a supplier in relation to certain machineries provided by the supplier.

Details of these guarantees at the end of the reporting period are as follows:

	2021 **HK$'000**	2020 HK$'000
Aggregate value of:		
– surety bonds issued in favour of customers *(note (i))*	**74,608**	47,660
– letters of guarantee issued in favour of a supplier *(note (ii))*	**20,371**	–
	94,979	47,660

Notes:

(i) The surety bonds are required for the entire period of the relevant construction contracts. As at 31 December 2021, the relevant construction contracts were expected to be completed in year 2022 or 2023 (2020: 2021).

(ii) The letters of guarantee are required until the concerned machineries are returned to the supplier or upon expiry of the letters of guarantee on 31 January 2022, whichever is earlier. Upon expiry, one of the letters of guarantee with guarantee amount of HK$2,657,000 has been extended to June 2022.

As assessed by the directors, it is highly not probable that the counterparties would claim the Group for losses in respect of the guarantee contracts as it is highly unlikely that the Group is unable to fulfill the performance requirements of the relevant contracts.

31. LITIGATIONS

During the years ended 31 December 2021 and 2020, certain lawsuits and claims arising from the normal course of business were lodged against the Group. Claim amounts were not specified in some of the applications of these lawsuits and claims. Some of the claims remained outstanding at the end of last reporting period while at the end of the current reporting period, all the claims were settled. Having considered the nature of these claims and the underlying insurance coverage, the directors assessed that outflow of significant resources in settling the claims was remote and thus no provision was made for these claims.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Bank borrowings HK$'000 *(note 23)*	Lease liabilities HK$'000 *(note 29)*
As at 1 January 2020	1,000	3,557
Changes from cash flows:		
– Proceeds from bank borrowings	1,127	–
– Repayment of bank borrowings	(1,000)	–
– Capital element of lease payments	–	(2,548)
– Interest element of lease payments	–	(162)
– Other interest paid	(238)	–
	(111)	(2,710)
Other changes:		
– Interest expenses *(note 9)*	238	162
– New leases entered during the year	–	12,365
– Lease modification	–	1,151
– Early termination	–	(511)
	238	13,167
As at 31 December 2020 and 1 January 2021	**1,127**	**14,014**
Changes from cash flows:		
– Proceeds from bank borrowings	**21,020**	**–**
– Repayment of bank borrowings	**(6,297)**	**–**
– Capital element of lease payments	**–**	**(2,885)**
– Interest element of lease payments	**–**	**(298)**
– Other interest paid	**(504)**	**–**
	14,219	**(3,183)**
Other changes:		
– Interest expenses *(note 9)*	**504**	**298**
As at 31 December 2021	**15,850**	**11,129**

33. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following transaction with its related parties during the year.

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

	2021 **HK$'000**	2020 HK$'000
Salaries, allowances and other benefits	**6,985**	6,994
Contribution to defined contribution retirement plans	**54**	46
Equity-settled share-based payment expense	**123**	–
	7,162	7,040

34. CAPITAL COMMITMENTS

	2021 **HK$'000**	2020 HK$'000
Capital expenditure contracted for		
– Acquisition of property, plant and equipment	**–**	1,929

35. CAPITAL RISK MANAGEMENT

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth.

The Group monitors capital using gearing ratio, which is total debt to equity. Total debts represents bank borrowings of the Group whereas equity represents total equity of the Group.

The directors of the Company actively and regularly reviews and manages the Group's capital structure, taking into consideration the future capital requirements of the Group, to ensure optimal shareholders' returns. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, raise new debts or sell assets to reduce debt.

35. CAPITAL RISK MANAGEMENT (Continued)

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

	2021 HK$'000	2020 HK$'000
Bank borrowings	**15,850**	1,127
Total equity	**257,313**	236,873
Gearing ratio	**6.16%**	0.48%

The Group targets to maintain a gearing ratio to be in line with the expected changes in economic and financial conditions. The Group's overall strategy on capital management remains unchanged throughout the year.

36. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

(a) Categories of financial instruments

The carrying amounts of the Group's financial assets and financial liabilities are categorised as follows:

	2021 HK$'000	2020 HK$'000
Financial assets		
Financial assets at fair value through profit or loss	**1,369**	–
Financial assets at amortised cost		
– Trade and other receivables	**176,519**	60,124
– Pledged bank deposits	**5,000**	5,000
– Cash and bank balances	**88,319**	149,157
	269,838	214,281

36. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

(a) Categories of financial instruments (Continued)

	2021 HK$'000	2020 HK$'000
Financial liabilities		
Financial liabilities at amortised cost		
– Trade and other payables	**64,108**	46,297
– Bank borrowings	**15,850**	1,127
	79,958	47,424
Other financial instruments		
Lease liabilities	**11,129**	14,014

(b) Financial results by financial instruments

	2021 HK$'000	2020 HK$'000
Fair value loss on:		
Financial assets at fair value through profit or loss	**185**	–
Dividend income on:		
Financial assets at fair value through profit or loss	**27**	–
Interest income or (expense) on:		
Financial assets at amortised cost	**36**	50
Financial liabilities at amortised cost	**(504)**	(238)
Interest expense on:		
Lease liabilities	**298**	162
(Impairment loss)/Reversal of impairment loss on:		
Financial assets at amortised cost	**(4)**	345

36. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

(c) Financial instruments not measured at fair value

Management assessed the fair values of the current portion of trade and other receivables and deposits, pledged bank deposits, cash and bank balances, trade and other payables and bank borrowings approximate their carrying value due to their short-term nature.

In the opinion of the directors, the fair value of the non-current portion of deposit is not materially different from its carrying value.

(d) Financial instruments measured at fair value

The following table provides an analysis of financial instruments carried at fair value as at 31 December 2021 by level of fair value hierarchy.

– Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments

– Level 2: Inputs other than quoted prices included in Level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

– Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'000
As at 31 December 2021				
Financial assets				
Financial assets at fair value through profit or loss				
– Listed equity investments	**1,369**	–	–	**1,369**

During the year ended 31 December 2021, there were no transfers between levels. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which the transfers occur.

The fair value of the listed equity investments as at 31 December 2021 was determined by the directors based on quoted market prices available on the Stock Exchange.

As at 31 December 2020, the Group did not have any financial instruments measured at fair value.

37. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks which comprise market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by key management under the policies approved by the board of directors. The Group does not have written risk management policies. However, the directors and senior management of the Group meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks.

Generally, the Group employs a conservative strategy regarding its financial risk management. As the directors consider that the Group's exposure to financial risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The most significant risks to which the Group is exposed to are described below:

(a) Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to currency risk primarily through purchases and placing bank deposits that are denominated in currencies other than the functional currency of the group entities to which they relate. The currencies giving rise to foreign currency risk are primarily RMB, EUR, US$ and Australian Dollars ("**AUD**"). The Group currently does not have an foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. The policies to manage foreign currency risk have been consistently applied and are considered to be effective in limiting the Group's exposure to foreign currency risk to a desirable level.

The Group's exposure to foreign currency denominated financial assets and liabilities as at 31 December 2021 and 2020 are as follows:

	2021 **HK$'000**	2020 HK$'000
Financial assets		
RMB	**250**	23
EUR	**13**	11
AUD	**5,966**	–
Financial liabilities		
EUR	**–**	1,127
RMB	**3,622**	6,783
US$	**1,983**	312

37. FINANCIAL RISK MANAGEMENT (Continued)

(a) Foreign currency risk (Continued)

Sensitivity analysis

As HK$ is pegged to US$, the Group does not have material foreign currency risk exposure on such currency.

The following table illustrates the approximate change in the Group's profit for the year and retained profits in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

	Increase in profit for the year and retained profits	
	2021	2020
	HK$'000	HK$'000
Financial assets		
RMB appreciated by 3%	**8**	1
EUR appreciated by 3%	**1**	1
AUD appreciated by 3%	**179**	–
Financial liabilities		
EUR appreciated by 3%	**–**	34
RMB appreciated by 3%	**91**	170

The changes in exchange rates do not affect the Group's other component of equity. The same percentage depreciation in the foreign currencies against the functional currency of the respective group entities would have the same magnitude on profit and retained profits but of opposite effect.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the group entities; exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because exposure at the end of the reporting period does not reflect the exposure during the respective year.

37. FINANCIAL RISK MANAGEMENT (Continued)

(b) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's interest rate risk mainly arises from bank deposits, bank borrowings and lease liabilities. Transactions arranged at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

The Group's pledged bank deposits have short maturity period while the deposit rates on bank balances are at low level. In addition, lease liabilities which are fixed-rate instruments are insensitive to changes in interest rates and a change in interest rate at the end of the reporting period would not affect the Group's profit or loss. Accordingly, the director's considered that the Group's exposure to interest rate arising from these items is insignificant.

The Group's bank borrowings as at 31 December 2021 and 2020 bore interest at floating rate (note 23) and thus the Group is exposed to cash flow interest rate risk.

The Group currently does not have an interest rate hedging policy. However, the management closely monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. The policies to manage interest rate risk have been consistently applied and are considered to be effective in limiting the Group's exposure to interest rate risk to a desirable level.

Sensitivity analysis

The following sensitivity analysis demonstrates the Group's exposure to a reasonable possible change in interest rates on its floating rate bank borrowings with all other variables held constant at the end of the reporting period (in practice, the results may differ from the sensitivity analysis below and the difference could be material):

	(Decrease)/Increase in profit for the year and retained profits	
	2021	2020
	HK$'000	HK$'000
Changes in interest rate		
+ 1%	**(7)**	(4)
− 1%	**7**	4

37. FINANCIAL RISK MANAGEMENT (Continued)

(b) Interest rate risk (Continued)

Sensitivity analysis (Continued)

The changes in interest rates do not affect the Group's other component of equity. The above sensitivity analysis is prepared based on the assumption that the borrowing period of the bank borrowings outstanding at the end of the reporting period resembles that of the corresponding financial years. The assumed changes in interest rate are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the period until the next annual reporting period.

(c) Equity price risk

The Group is exposed to equity price risk arising from its investment in equity securities which are measured at fair value through profit or loss. All of these equity securities are listed on the Stock Exchange and included in the Hang Seng Index.

Decisions to buy and sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Hang Seng Index and other industry indicators, as well as the Group's liquidity needs.

Sensitivity analysis

Had the prices of the equity securities been 1% higher/lower, profit for the year and retained profits would increase/decrease by HK$11,000. The changes in equity price do not affect the Group's other components of equity.

(d) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The Group's credit risk is primarily attributable to its trade and other receivables, contract assets, pledged bank deposits, cash and bank balances and listed equity investments. The Group's exposure to credit risk in respect of these balances at the end of the reporting period is their carrying amounts.

Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

37. FINANCIAL RISK MANAGEMENT (Continued)

(d) Credit risk (Continued)

In respect of trade and other receivables (note 18) and contract assets (note 17(b)), it is the Group's policy to deal only with creditworthy counterparties. Normally, the Group does not obtain collateral from the counterparties. In order to minimise credit risk, the Group has credit policy to determine the credit limit and to monitor the ageing of the receivable balances. Follow-up action is taken to recover overdue debts. In addition, management reviews the recoverable amount of the receivables individually and collectively at the end of each reporting period to ensure that adequate impairment provision is made for irrecoverable amounts.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor. As at 31 December 2021, the Group has certain concentration of credit risk as 57% and 96% (2020: 48% and 97%) of the Group's trade receivables were due from the Group's largest trade debtors and the five largest trade debtors respectively.

In respect of cash and bank balances and pledged bank deposits, the Group's exposure to credit risk is limited because majority of the deposits are placed with reputable banks, for which the Group considers to have low credit risk.

As to investment strategies, all of the Group's equity investments are liquid securities listed on the Stock Exchange. Accordingly, the directors consider that the Group's exposure to credit risk in respect of its investments in securities is low.

The credit and investment policies have been consistently applied and are considered to be effective in limiting the Group's exposure to credit risk to a desirable level.

Impairment under the ECL model

The Group performs impairment assessment on trade receivables, retention receivables and contract assets under ECL model individually or based on collective assessment. Except for customers with material outstanding balances or credit-impaired balances, which are assessed for impairment individually, trade receivables, retention receivables and contract assets are grouped under collective assessment based on shared credit risk characteristics. For collective assessment, the Group takes into consideration the background and size of the customers and their historical payment behaviour including circumstance of default when formulating the grouping. The Group considers a trade receivable to be in default when the customer is considered unlikely to pay its credit obligations in full or when the financial asset is more than 90 days past due. The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group considers a financial asset to be credit-impaired in the following circumstances: (i) the debtor is in significant financial difficulty; (ii) restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or (iii) it is probable that the debtor will enter bankruptcy or other financial reorganisation.

37. FINANCIAL RISK MANAGEMENT (Continued)

(d) Credit risk (Continued)

Impairment under ECL model (Continued)

The Group measures loss allowance for trade receivables, retention receivables and contract assets using simplified approach and calculates ECLs at an amount equal to lifetime ECLs, which is calculated by considering probabilities of default. Under this approach, the Group analyses its customers based on their credit risk characteristics and determines probability of default for each risk cluster with reference to external ratings and benchmarking to similar risk portfolio. ECL rates are thereby determined based on probabilities of default, taking into account loss given default and adjusted for forward-looking information.

Retention receivables as at 31 December 2020 with gross carrying amount of HK$1,504,000 were considered as credit-impaired and thus were assessed for impairment individually, for which full impairment provision was provided for.

The following table provides information about the exposure to credit risk for the remaining trade receivables, retention receivables and contract assets as at 31 December 2021 and 2020 which are based on collective assessment within lifetime ECL (not credit-impaired).

		Net carrying amount		
	ECL rate	Trade receivables HK$'000	Retention receivables HK$'000	Contract assets HK$'000
As at 31 December 2021				
Low risk	**0.06% to 0.09%**	**162,687**	**63**	**71,037**
Moderate risk	**0.11%**	**10,279**	**182**	**24,450**
		172,966	**245**	**95,487**
As at 31 December 2020				
Low risk	0.6% to 0.09%	19,891	27	39,990
Moderate risk	0.12%	35,939	238	50,638
		55,830	265	90,628

37. FINANCIAL RISK MANAGEMENT (Continued)

(d) Credit risk (Continued)

Impairment under ECL model (Continued)

The ECL rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the balances. At each reporting date, the probabilities of default and loss given default are updated and changes in the forward-looking estimates are also analysed.

The following table shows the movements in lifetime ECLs that have been recognised for trade receivables, retention receivables and contract assets under the simplified approach.

	Lifetime ECLs		
	Not credit-impaired	**Credit-impaired**	**Total**
	HK$'000	HK$'000	HK$'000
As at 1 January 2020	1,020	1,504	2,524
Reversal of impairment loss	(163)	–	(163)
As at 31 December 2020 and 1 January 2021	857	1,504	2,361
Impairment losses recognised	4	–	4
Amount written off during the year	–	(1,504)	(1,504)
As at 31 December 2021	**861**	**–**	**861**

(e) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities and other financial instruments that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables and lease liabilities and it s financing obligations, and also in respect of its cash flow management.

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The liquidity policy has been followed by the Group since prior years and is considered to have been effective in managing liquidity risk.

37. FINANCIAL RISK MANAGEMENT (Continued)

(e) Liquidity risk (Continued)

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and other financial instruments, based on undiscounted cash flows (including interest payments computed using contractual rates or if floating, based on rates ruling at the end of the reporting period) and based on the agreed scheduled repayments set out in the agreements.

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	Over 2 years HK$'000
As at 31 December 2021					
Trade and other payables	**64,108**	**64,108**	**62,210**	**1,835**	**63**
Bank borrowings subject to repayment on demand clause *(note)*	**15,850**	**15,946**	**15,946**	**–**	**–**
	79,958	**80,054**	**78,156**	**1,835**	**63**
Lease liabilities	**11,129**	**11,641**	**3,032**	**2,916**	**5,693**
	91,087	**91,695**	**81,188**	**4,751**	**5,756**
As at 31 December 2020					
Trade and other payables	46,297	46,297	45,762	535	–
Bank borrowings subject to repayment on demand clause *(note)*	1,127	1,139	1,139	–	–
	47,424	47,436	46,901	535	–
Lease liabilities	14,014	14,824	3,183	3,032	8,609
	61,438	62,260	50,084	3,567	8,609

37. FINANCIAL RISK MANAGEMENT (Continued)

(e) Liquidity risk (Continued)

Note:

The Group's bank borrowings are subject to repayment on demand clause, which can be exercised at the bank's sole discretion. The analysis below shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the bank was to invoke its unconditional rights to call the loans with immediate effect.

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	Over 2 years HK$'000
Bank borrowings subject to repayment on demand clause					
31 December 2021	**15,850**	**15,850**	**15,850**	**–**	**–**
31 December 2020	1,127	1,127	1,127	–	–

Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets, liabilities and equity of the Group for the last five financial years, as extracted from the Company's annual reports, is set out below.

	For the year ended 31 December				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**403,211**	243,399	299,756	365,436	315,751
Gross Profit	**92,862**	63,170	69,452	86,995	99,505
Profit before income tax	**44,209**	27,670	31,233	45,195	63,997
Income tax expense	**(7,409)**	(4,371)	(4,867)	(8,256)	(11,730)
Profit for the year	**36,800**	23,299	26,366	36,939	52,267

	As at 31 December				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**17,772**	19,386	5,700	3,508	5,376
Current assets	**390,717**	329,553	286,247	298,990	269,232
Total assets	**408,489**	348,939	291,947	302,498	274,608
Non-current liabilities	**8,324**	11,128	1,180	–	–
Current liabilities	**142,852**	100,938	63,188	83,479	66,523
Total liabilities	**151,176**	112,066	64,368	83,479	66,523
Total equity	**257,313**	236,873	227,579	219,019	208,085