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CORPORATE INFORMATION

BOARD OF DIRECTORS
Executive Directors
Ms. Wong Wan Sze *(Chairman)*
Mr. Lam Shui Wah *(Chief Executive Officer)*

Independent non-executive Directors
Mr. Ng Man Wai
Ms. Tsang Ngo Yin
Mr. Wu Wai Ki

BOARD COMMITTEES
Audit Committee
Ms. Tsang Ngo Yin *(Chairman)*
Mr. Ng Man Wai
Mr. Wu Wai Ki

Remuneration Committee
Mr. Wu Wai Ki *(Chairman)*
Ms. Tsang Ngo Yin
Ms. Wong Wan Sze

Nomination Committee
Ms. Wong Wan Sze *(Chairman)*
Ms. Tsang Ngo Yin
Mr. Wu Wai Ki

COMPANY SECRETARY
Ms. Yim Sau Ping *(FCPA)*

AUTHORISED REPRESENTATIVES
Ms. Wong Wan Sze
Ms. Yim Sau Ping *(FCPA)*

COMPLIANCE ADVISER
Frontpage Capital Limited
26/F, Siu On Centre
188 Lockhart Road
Wan Chai
Hong Kong

AUDITORS
HLB Hodgson Impey Cheng Limited
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The Landmark
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Central
Hong Kong

LEGAL ADVISORS AS TO HONG KONG LAWS
CFN Lawyers in association with Broad & Bright
Units 4101-04, 41/F
Sun Hung Kai Centre
30 Harbour Road
Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS
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Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG
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183 Queen's Road East
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REGISTERED OFFICE IN THE CAYMAN ISLANDS
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PO Box 1350
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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
21/F, Po Shau Centre
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Kwun Tong, Kowloon
Hong Kong

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

STOCK CODE
1867

COMPANY'S WEBSITE
www.lksholding.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of LKS Holding Group Limited (the "**Company**") and its subsidiaries (the Company together with its subsidiaries, the "**Group**"), I am delighted to present the annual report of the Group to you for the year ended 31 March 2019.

A NOTE OF APPRECIATION

On behalf of the Group, I wish to take this opportunity to express my gratitude to our shareholders, business partners and suppliers who trust and remain faithful to the Group. I would also like to express our sincere thanks to the management and staff of the Group for their diligence, commitment and contribution throughout the years.

REVIEW

The total revenue of the Group increased by approximately HK$10.6 million or 4.4% from approximately HK$240.8 million for the year ended 31 March 2018 to approximately HK$251.4 million for the year ended 31 March 2019.

The Group's profit attributable to the shareholders decreased by approximately HK$5.8 million or 26.5% from approximately HK$21.9 million for the year ended 31 March 2018 to approximately HK$16.1 million for the year ended 31 March 2019. The Group's financial performance for the year ended 31 March 2019 was prolific.

FORWARD

Looking ahead to the coming years, although certain challenging factors including (i) intense market competition; (ii) continued rise in direct labour and material costs; (iii) increase in the staff costs, and (iv) shortage of professional talents, may all exert pressure on the Group's business, the Group remains cautiously optimistic about the overall business prospects.

LKS Holding Group Limited
Wong Wan Sze
Chairman and Executive Director

Hong Kong, 28 June 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a contractor capable of (i) interior fitting-out and renovation services; and (ii) alteration and addition ("**A&A**") works for residential, industrial and commercial properties in Hong Kong. The Group has been running its business since 2005 and gained extensive experience and reputation in the industry. Ample Construction Company Limited ("**Ample Construction**"), the Company's principal operating subsidiary for the contracting businesses, has been registered as the Registered General Building Contractor under the Building Authority since 2006 and is approved to carry out A&A works, including general building works and street works under the Buildings Ordinance. Ample Design Company Limited, the design department of the Group, provides interior design services to clients.

The fitting-out and renovation services mainly include interior fitting-out and renovation works for shops and offices in commercial and industrial properties and residential premises. For A&A works, the scope of works generally includes structural alterations, structural steel, signage works, building maintenance, refurbishment works and ground improvement.

The Group experienced an increase in revenue for the year ended 31 March 2019 compared to the corresponding period last year. The Directors consider that the increase was mainly due to an increase in the number of contracting projects undertaken by the Group during the year.

The Directors are of the view that relocation of business offices and improving living standard will be the key drivers for the growth of the Hong Kong A&A, interior fitting-out & renovation industry. The Directors also believe that certain government policies, such as House Renovation Interest Free Loan launched by the Urban Renewal Authority in 2016, are favourable to the Group and the Group will allocate sufficient resources to capture any opportunities arising therefrom.

With the Group's experienced management team and reputation in the market, the Directors consider that the Group is well-positioned to compete against its competitors and embrace future challenges that are commonly faced by all competitors.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's key risk exposures are summarised as follows:

i) the Group's contracts are not recurring in nature and its future business performance depends on its continuing success on project tendering.

ii) the Group is exposed to disputes, claims or litigation that may affect its operations and financial positions.

iii) the Group's profit may be substantially reduced if there are adverse changes in its subcontracting and material cost after the process of tendering.

iv) the Group belongs to an industry that requires stable supply of labour in order to carry out its projects.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied in material respects with all relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 March 2019, there was no material breach or non-compliance with the applicable laws and regulations by the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

The Group's operations at work sites are subject to certain environmental requirements pursuant to the laws in Hong Kong, including primarily those in relation to air pollution control, noise control, water pollution control and waste disposal control.

The details of ESG performance of the Group are set out in the ESG Report, which can be viewed or downloaded from the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company, no later than three months after the publication of the Company's annual report.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND EMPLOYEES

Customers

The Group's customers mainly include main contractors who contract all or part of the engineering works for building services systems to other subcontractors, such as the Group, and landlords or occasionally property developers (or its consultants). During the year, the Group solely served customers from the private sector in Hong Kong, and the Directors consider that the Group is not reliant on any single customer. The Group has established close business relationships with most of the top customers ranging from one year to over ten years which the Directors believe it has an implication that the Group is one of the selected subcontractors on such customers' approved lists of subcontractors and the Group has been invited to tender or quote from time to time.

Suppliers and Subcontractors

During the year, suppliers of goods and services to the Group were required on a regular basis to enable the Group to continue to carry on its business including (i) subcontractors engaged by the Group to perform the site works; (ii) material and equipment suppliers to supply materials and equipment used in the site work; and (iii) suppliers of other miscellaneous goods and services required for the Group's business operations.

The Group has maintained an internal list of approved subcontractors for each category of fitting-out and renovation and A&A works. While engaging subcontractors, the Group generally selects the most suitable subcontractor from the approved list based on their relevant skills and experience, subject to their availability and fee quotations.

The Group generally maintains multiple suppliers and subcontractors for products and services to avoid over-reliance on certain suppliers and subcontractors. The Group did not experience any material difficulties in sourcing materials from suppliers or assigning subcontractors during the year. The Group did not have any significant disputes with any of its top five suppliers and subcontractors during the year.

Employees

The Group recognises employees as valuable assets of the Group. During the year, the Group has complied with the applicable labour laws and regulations and regularly reviewed the existing staff benefits for improvement. The Group uses its best effort to attract and retain appropriate and suitable personnel to serve the Group. The objective of the Group's human resource management is to reward and recognise high performing employees by providing attractive remuneration package. The Group determines the salary of its employees mainly based on each employee's qualifications, relevant experience, position and seniority. The Group conducts annual review on salary raises, bonuses and promotions based on the performance of each employee.

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

FINANCIAL REVIEW

Revenue

The revenue increased by approximately HK$10.6 million or 4.4% from approximately HK$240.8 million for the year ended 31 March 2018 to approximately HK$251.4 million for the year ended 31 March 2019. Such increase was driven by the increase in number of sizeable fitting-out and renovation projects undertaken during the year.

Direct Costs

The direct costs increased from approximately HK$195.5 million for the year ended 31 March 2018 to approximately HK$198.1 million for the year ended 31 March 2019, representing an increase of approximately HK$2.6 million or 1.3%. Such increase was mainly due to the increase in revenue generated during the year, resulting in the increase in the corresponding costs incurred for undertaking the contracting projects.

Gross Profit

Gross profit of the Group increased by approximately 17.7% from approximately HK$45.3 million for the year ended 31 March 2018 to approximately HK$53.3 million for the year ended 31 March 2019. Such increase was mainly driven by higher margin projects.

Impairment losses, net of reversal

The Group's impairment loss, net of reversal represents a provision for impairment loss allowance of trade receivables and contract assets. The Group applied simplified approach to measure the expected credit losses (the "**ECL**") which used a lifetime ECL for all trade receivables and contract assets. The ECL on these assets are assessed individually and/or collectively with appropriate grouping based on same risk characteristics. The Group's impairment loss, net of reversal increased from approximately HK$3.2 million for the year ended 31 March 2018 to approximately HK$12.1 million for the year ended 31 March 2019 as a result of allowance of credit loss made on contract assets in relation to a sizable project during the year.

Administrative and other Operating Expenses

Administrative and other operating expenses of the Group increased by approximately 28.6% from approximately HK$15.4 million for the year ended 31 March 2018 to approximately HK$19.8 million for the year ended 31 March 2019. Administrative and other operating expenses primarily consist of rental expenses, staff costs and professional fees. Such increase was mainly due to increase in employee benefit expenses as a result of increase in headcount for business expansion and the increase in the professional fees incurred in relation to the transfer of listing from GEM to the Main Board of the Stock Exchange.

Finance Costs

Finance costs of the Group remained relatively stable at approximately HK$0.7 million for the years ended 31 March 2018 and 2019. Finance costs for the years ended 31 March 2019 and 2018 consist of interest on bank borrowings and overdrafts.

Income Tax Expense

Income tax expense for the Group decreased by approximately 11.1% from approximately HK$5.4 million for the year ended 31 March 2018 to approximately HK$4.8 million for the year ended 31 March 2019, which was mainly due to deferred tax credit recognised during the year.

Profit and Total Comprehensive Income for the year attributable to owners of the Company

As a result of foregoing, profit and total comprehensive income for the year attributable to owners of the Company decreased by approximately 26.5% from approximately HK$21.9 million for the year ended 31 March 2018 to approximately HK$16.1 million for the year ended 31 March 2019.

LIQUIDITY AND FINANCIAL RESOURCES

At 31 March 2019, the Group had total assets of approximately HK$153.8 million (2018: HK$150.0 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK$38.1 million (2018: HK$45.1 million) and approximately HK$115.7 million (2018: HK$104.9 million), respectively.

The total interest-bearing borrowings of the Group at 31 March 2019 were approximately HK$24.2 million (2018: HK$24.3 million), and current ratio at 31 March 2019 was approximately 3.8 times (2018: 3.2 times).

The bank balances of the Group at 31 March 2019 was approximately HK$31.6 million (2018: HK$43.1 million).

Majority of the Group's borrowings and bank balances are denominated in Hong Kong Dollars and there was no significant exposure to foreign exchange rate fluctuations during the year.

GEARING RATIO

The gearing ratio of the Group at 31 March 2019 was approximately 20.9% (2018: 23.2%), which was relatively stable as compared with that of last financial year.

The gearing ratio is calculated based on the total loans and borrowings divided by total equity at the respective reporting date.

TREASURY POLICY

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

CHARGE ON GROUP ASSETS

At 31 March 2019, the Group did not pledged any bank deposits to a bank as collateral to secure banking facilities granted to the Group (2018: Nil).

At 31 March 2019, the Group pledged its life insurance policies to a bank of approximately HK$2.9 million to secure the banking facilities granted to the Group (2018: HK$2.9 million).

Save for the above disclosed, the Group did not have any charges on its assets.

FOREIGN EXCHANGE EXPOSURE

All of the revenue-generating operations and borrowings of the Group are transacted in Hong Kong Dollars. For the year ended 31 March 2019, there was no significant exposure to foreign exchange rate fluctuations and the Group had not maintained any hedging policy against the foreign exchange risk. The management will consider suitable hedging instruments against significant currency exposure should the need arises.

CAPITAL STRUCTURE

The Shares of the Company were successfully listed on GEM of the Stock Exchange on 12 January 2017 (the "**Listing Date**").

The Group successfully transferred the listing of its shares from GEM to the Main Board of the Stock Exchange on 9 May 2019. There has been no change in the capital structure of the Group since the Listing Date and up to date of this report. The capital of the Group only comprises of ordinary shares.

CAPITAL COMMITMENTS

The Group did not have any capital commitment as at 31 March 2019 (2018: Nil).

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed on Note 5 to the consolidated financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND ACQUISITION OF CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 30 December 2016 (the "**Prospectus**") and in this annual report, the Group did not have other plans for material investments or acquisition of capital assets as of 31 March 2019.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 March 2019, the Group did not have any significant investments held, nor did the Group have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

CONTINGENT LIABILITIES

Certain customers of construction contracts undertaken by the Group require Ample Construction to issue guarantees for the performance of contract works in the form of surety bonds of approximately HK$10,446,000 (2018: HK$3,570,000) at 31 March 2019. The Company and Ample Construction have unconditionally and irrevocably agreed to indemnify the insurance company that issue such surety bonds for claims and losses the insurance company may incur in respect of the surety bonds. The surety bonds will be released when the contracts are completed or substantially completed pursuant to the relevant contract.

EMPLOYEES AND REMUNERATION POLICIES

At 31 March 2019, the Group employed a total of 53 employees (2018: 39 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK$21.3 million for the year ended 31 March 2019 (2018: HK$15.4 million).

The Group promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff, competitive remuneration package is offered to employees (with reference to market norms and individual employees' performance, qualification and experience). On top of basic salaries, bonuses may be paid with reference to the Group's performance as well as individual employees' performance. Other staff benefits include provision of retirement benefits, medical benefits and sponsorship of training courses. Share options may also be granted to eligible employees by reference to the Group's performance as well as individual employees' contribution.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress to 31 March 2019 is set out below:

Business strategies as stated in the Prospectus	Business objectives up to 31 March 2019 as stated in the Prospectus	Actual business progress up to 31 March 2019
Participate further in large scale fitting-out, renovation and A&A projects and enlarge the Group's market share in Hong Kong	• Utilise net proceeds from the placing to finance the net cash outflows required in the early stage of fourteen new projects with expected aggregate contract sum of not less than approximately HK$37.0 million, including the upfront payments to the materials suppliers and subcontractors and take out surety bonds if necessary. Some payments are paid upfront before the Group receives progress payment from the Group's clients	The Group has used HK$15.5 million to finance the net cash outflows required in the early stage of five new projects with expected aggregate contract sum of not less than HK$25.0 million, including the upfront payments to the suppliers of construction materials and subcontractors. Those projects are still in progress.
	• In addition to previous successfully bid projects, the Group intends to submit tenders for project sum exceeding HK$40.0 million in the fitting-out, renovation and A&A works industry. The Directors confirm that surety bonds amounting to 10% to 30% are often required by the customers for the contractors to take out to guarantee due performance on projects of this size	The Group has used HK$15.5 million to finance the net cash outflows required in the early stage of five new projects with expected aggregate contract sum of not less than HK$25.0 million, including the upfront payments to the suppliers of construction materials and subcontractors. Those projects are still in progress.
	• Undertake new large-sized projects with aggregate contract sum of not less than HK$50.0 million and duration of the projects is expected to last for at least 12 months	The Group has used HK$15.5 million to finance the net cash outflows required in the early stage of five new projects with expected aggregate contract sum of not less than HK$25.0 million, including the upfront payments to the suppliers of construction materials and subcontractors. Those projects are still in progress.
	• Set up a public housing improvement and maintenance team with new positions of contract manager and site agent, which are required for the registration in order to be included in "Group M1" of the List of Building Contractors for Public Works	The Group has employed one project manager and two site agents as a public housing improvement and maintenance team for the "Group MI" of the list of Building Contractors for Public Works.

Business strategies as stated in the Prospectus	Business objectives up to 31 March 2019 as stated in the Prospectus	Actual business progress up to 31 March 2019
Participate in competitions and exhibitions to promote and develop the Group's interior design and fitting-out business	• Assess the capacity of the Group interior design department and evaluate the Group labour resources in this department	The Group is in the progress of assessing the capacity of the Group's interior design department and evaluating the Group's labour resources in this department.
	• The Group will participate in nine interior design competitions, aiming at winning an award which could bolster the market reputation and demonstrate the Group's strength in interior design	The Group is in the progress of finding the appropriate interior design competition.
	• Participate in two interior design related public exhibitions as an exhibitor	The Group is in the progress of identifying appropriate interior design related public exhibitions as an exhibitor.
	• Build and modify the interior design and fitting-out mock-up unit in the Group's new office which will be open for public	The Group has spent HK$2.5 million to build the interior design and fitting-out mock-up unit in the Group's new office which will be open for public.
	• Identify suitable candidates to fill two designer posts and one project manager (interior design) openings	The Group has recruited two designers and is in the progress of finding suitable candidates to recruit one project manager (interior design).
Expand manpower for project execution and strengthen the skills of the Group's staff	• Identify suitable candidates to fill the Group's openings of one project manager and one project coordinator with relevant experiences	The Group has used HK$0.8 million to employ one experienced project manager and is still in the progress of recruiting one suitable project coordinator with relevant experiences.
	• Continue to assess the sufficiency of the labour resources having regard to the Group's project execution need and business development demand	The Group has recruited one site foreman and one project assistant to strengthen the Group's project execution.
	• Organise in-house seminars and invite external speakers to provide taught training on construction methodology, project management and work safety in the in-house seminars	The Group is in the progress of organising the in-house seminars and inviting the external speakers to provide taught training on construction methodology, project management and work safety in the in-house seminars.
	• Renovate the Group's new office to cater to enlarged workforce and prepare for new business opportunities in the residential sector, when the Group's existing office lease is due to expire	The Group has spent HK$3.0 million to renovate the new office to cater to enlarged workforce and prepare for new business opportunities in the residential sector.

Business strategies as stated in the Prospectus	Business objectives up to 31 March 2019 as stated in the Prospectus	Actual business progress up to 31 March 2019
Strengthen the Group's business development and quantity surveying and enhance the Group's marketing resources	• Maintain the business development department which is to be headed by Ms. Wong Wan Sze, the executive Director	The Group has established a business development department which is to be headed by Ms. Wong Wan Sze, the executive Director.
	• Maintain the Group's quantity surveying team which will consist of one quantity survey manager, one quantity surveyor and one project assistant, with sufficient relevant quantity surveying experience, which will assist the Group in preparing tenders, payment applications and controlling project costs	The Group has recruited one project assistant and one quantity surveyor to form quantity surveying team.
	• Identify suitable candidates with business development experience and fill one business development position for interior design and fitting-out business	The Group has recruited one business development manager for the business development department.
	• Design, create and print the corporate brochures	The Group has recruited one draftman in handling the design aspect of the Group's business development.
	• Maintain and improve the Group's corporate website	The Group has used HK$28,000 to set up the new corporate website.

USE OF PROCEEDS

The net proceeds from the listing, after deducting listing related expenses, were approximately HK$51.2 million. After the listing, a part of these proceeds have been applied for the purposes in accordance with the future plans and use of proceeds as set out in the Prospectus.

An analysis of the utilisation of the net proceeds from the listing to 31 March 2019 is set out below:

	Planned use of net proceeds as stated in the Prospectus up to 31 March 2019 HK$'000	**Actual use of net proceeds up to 31 March 2019** HK$'000	**Unutilsed net proceeds up to 31 March 2019** HK$'000
Participate further in large scale fitting-out, renovation and A&A projects and enlarge the Group's market share in HK	18,022	17,958	64
Participate in competitions and exhibitions to promote and develop the Group's interior design and fitting-out business	8,704	3,074	5,630
Expand the Group's manpower for projects execution and strengthen the skills of the Group's staff	9,933	6,581	3,352
Strengthen the Group's business development and quantity surveying and enhance the Group's marketing resources	9,421	2,086	7,335
General working capital	5,120	5,120	–
Total	51,200	34,819	16,381

As at 31 March 2019, the actual use of proceeds was less than the estimated net proceeds but had been applied in the same manner as specified in the section headed "Business Objective and Use of Proceeds" of the Prospectus. The net proceeds of approximately HK$16.4 million had not yet been utilised as at 31 March 2019 and was deposited into licensed banks in Hong Kong. Further information may refer to the announcement of the Company dated 30 April 2019 in the section "Use of proceeds". The Group will continue to apply the proceeds from its listing on GEM in accordance with the proceeds allocation set out in the Prospectus.

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus whereas the proceeds were applied based on the actual development of the Group's business and the industry.

EVENT AFTER THE REPORTING PERIOD

The shares of the Company have been listed on the Main Board of the Stock Exchange by way of transfer of listing since 9 May 2019.

Biographical details of the Directors of the Company and the senior management of the Group are set out as follows:

EXECUTIVE DIRECTORS

Ms. WONG Wan Sze (黃韻詩) ("Ms. Wong"), aged 40, is the executive Director and chairman of the Board. Ms. Wong was appointed as the executive Director on 5 May 2016. Ms. Wong is responsible for the overall strategic management and development of the Group's business operations and is serving on the remuneration committee of the Company (the "**Remuneration Committee**") and nomination committee of the Company (the "**Nomination Committee**"). Ms. Wong joined the Group as a director of Ample Construction in March 2007 and had been responsible for establishing business objectives and exploring business opportunities for the Group. In October 2009, Ms. Wong resigned as a director of Ample Construction and was appointed as the general manager of Ample Construction, and has since been responsible for supervision of marketing, human resources and all administrative functions of the Group. Ms. Wong obtained a Certificate in General Nursing from Enrolled Nurse Training School Tung Wah Eastern Hospital in September 2000. Prior to joining the Group, Ms. Wong worked as an enrolled nurse. Ms. Wong is the spouse of Mr. Cheung Ka Yan.

Mr. LAM Shui Wah (林瑞華) ("Mr. Lam"), aged 43, is the executive Director, chief executive officer and the co-founder of the Group. Mr. Lam was appointed as the Director on 11 February 2016 and re-designated as executive Director on 5 May 2016. Mr. Lam is responsible for overseeing the Group's business development, operations, human resources, finance and administration.

Mr. Lam is an authorised signatory and a technical director for Ample Construction on the Register of General Building Contractors of the Buildings Department. Mr. Lam is also a director of all subsidiaries of the Company. Mr. Lam obtained a Bachelor of Science Degree from the University of Central Lancashire, the United Kingdom in December 2004 and a Certificate of Completion in Building Studies for Building Discipline from the Hong Kong Institution of Engineers in November 2006. Mr. Lam has over 23 years of experience in the construction industry. Mr. Lam started to run Ample Construction in April 2005. His working experience prior to founding the Group includes the following:

Name of company	Principal business activity	Position	Period of service
Far East Wager Construction Limited	Construction and civil engineering works	Assistant foreman	September 1995 to May 1998
Eastman Engineering Limited	Construction and civil engineering works	Assistant foreman	June 1998 to October 1999
Hip Hing Construction Company Limited	Construction and civil engineering works	Assistant foreman	October 1999 to February 2000
Hong Kong Housing Authority	An agency of the Government of Hong Kong, main provider of public housing	Contract works supervisor II (Civil)	February 2000 to March 2005

Mr. Lam is currently the president of the Association of Enterprises with Foreign Investment (茂名市外商投資企業協會). Mr. Lam has been elected as Director of the Governing Council of the Yuen Long Town Hall Management Committee Limited since April 2018.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. NG Man Wai（吳文偉）(“Mr. Ng”), aged 39, was appointed as the independent non-executive Director on 20 December 2016. Mr. Ng is serving on the audit committee of the Company (the “**Audit Committee**”). Mr. Ng is responsible for providing independent judgment and advising on the issue of strategy, performance, resources and standard of conduct of the Company.

Mr. Ng graduated from The University of Melbourne with a Bachelor of Planning and Design (Architecture) Degree in December 2002. Mr. Ng has over 13 years of experience in the interior design industry. Between 2003 and 2010, Mr. Ng worked in the following companies:

Name of company	Principal business activity	Position	Period of service
S & D Interior Limited	Interior design consultancy	Interior designer	During 2003
CYS Associates (Hong Kong) Limited	Interior design consultancy	Project-based designer	During 2004
WDA Group Limited	Architectural design, interior design consultancy	Architectural assistant	2004 to 2005
Aceway International Limtited	Trading services of toys and gifts	Director	2005 to 2010

In 2009, Mr. Ng co-founded 4N Limited, a company engaged in the provision of interior design and architecture services. Mr. Ng has been involved in the interior design projects for various clients such as catering group and property developers.

Mr. Ng has been a professional member of Hong Kong Interior Design Association since August 2013 and a committee member of Hong Kong Institute of Architects (ARCASIA/CAA Committee, External Affairs) from January 2012 to December 2015. Mr. Ng also serves as a mentor for Design Incubation Programme run by Hong Kong Design Centre to nurture young Design entrepreneurs since 2018.

Mr. WU Wai Ki（胡惠基）(“Mr. Wu”), aged 44, was appointed as the independent non-executive Director on 20 December 2016. Mr. Wu is serving on the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Wu is responsible for providing independent judgment and advising on the issue of strategy, performance, resources and standard of conduct of the Company.

Mr. Wu graduated from The Chinese University of Hong Kong with a Bachelor of Social Science Degree in Economics in July 1999. Mr. Wu joined Kwok Tai Screws Manufactory Limited as marketing director in April 2002 and has been its director since 2005. Mr. Wu has also been a director of Republic G Limited since 2010. He had worked as president from January 2006 to December 2006 and national president from January 2013 to December 2013 of Junior Chamber International Hong Kong Limited. Mr. Wu has also been a member of the Council on Human Reproductive Technology in Hong Kong since April 2013 to April 2019.

Ms. TSANG Ngo Yin（曾傲嫣）(“Ms. Tsang”), aged 45, was appointed as the independent non-executive Director on 20 December 2016. Ms. Tsang is serving on the Audit Committee, the Remuneration Committee and the Nomination Committee. Ms. Tsang is responsible for providing independent judgment and advising on the issue of strategy, performance, resources and standard of conduct of the Company.

Ms. Tsang graduated from Simon Fraser University with a Bachelor of Business Administration Degree in September 1999. Ms. Tsang further obtained a Bachelor of Laws Degree from Tsinghua University in the PRC in July 2008, and a Postgraduate Certificate in International Corporate and Financial Law and a Master of Laws Degree from University of Wolverhampton in the United Kingdom in October 2013 and November 2014, respectively. Ms. Tsang was the company secretary of Gold Tat Group International Limited (now known as Zhuoxin International Holdings Limited (Stock Code: 8266) from July 2017 to April 2019. Ms. Tsang has been the director of Good Talent Limited since April 2014. Ms. Tsang’s working experience prior to joining Good Talent Limited includes the following:

Name of company	Principal business activity	Position	Period of service
Pacific C&B Development Corp. (a company in Canada)	Real estate development	Administrative manager and Accountant	January 2000 to November 2000
CCIF CPA Limited (now merged into Crowe Horwalth (HK) CPA Limited)	Auditing service, bookkeeping and accounting service	Semi-senior auditor	December 2000 to December 2003
PricewaterhouseCoopers Hong Kong	Accountancy firm	Senior associate	December 2003 to August 2005
Hutchison International Limited	Ports services, properties and hotels, retail, infrastructure, energy, telecommunications, finance & investments and others	Officer of group management service	September 2005 to May 2007
Herbalife Asia Pacific (a subsidiary of Herbalife Ltd., which is listed on the New York Exchange (stock code: HLF.NYSE))	Nutrition and direct-selling company	Regional internal audit manager	May 2007 to March 2012
		Regional finance manager	April 2012 to February 2014

Ms. Tsang has obtained the Certificate in International Financial Reporting from the Association of Chartered Certified Accountants in March 2013. Ms. Tsang is a member of the American Institute of Certified Public Accountants.

SENIOR MANAGEMENT

Mr. CHEUNG Ka Yan（張嘉欣）(“Mr. Cheung”), aged 41, is the project director and the co-founder of the Group. Mr. Cheung is the spouse of Ms. Wong, chairman and executive Director of the Company. Mr. Cheung is responsible for project planning and contract management. Mr. Cheung is an authorised signatory and a technical director for Ample Construction on the Register of General Building Contractors of the Buildings Department. Mr. Cheung is also a director of all subsidiaries of the Company. Mr. Cheung obtained a Bachelor of Science Degree in Construction Management from University of Wolverhampton, the United Kingdom in October 2004. Mr. Cheung has around 19 years of experience in the construction industry. Mr. Cheung’s working experience prior to founding the Group includes the following:

Name of company	Principal business activity	Position	Period of service
Island District Office of Home Affairs Department	N/A	Temporary works supervisor II	June 1999 to November 1999
Water Supplies Department	N/A	Contract works supervisor (Civil)	November 1999 to March 2000
Hong Kong Housing Authority	N/A	Contract works supervisor II (Civil)	March 2000 to June 2005
Cristalla Designs and Contracting Ltd.	Decoration, repair & maintenance works, interior fitting out/contracting services	Assistant project manager	June 2005 to August 2005
Fuji (China) Decoration & Eng. Co., Ltd.	Interior fitting out/contracting service, interior design consultancy, interior fitting design services	Assistant project manager	August 2005 to June 2006

Ms. CHAN Ka Wai Cari (陳嘉慧) ("Ms. Chan"), aged 33, is the administration & human resources manager of the Group. Ms. Chan is responsible for managing office administration and human resources. Ms. Chan joined the Group in August 2011 and was promoted to the position of project secretary in September 2014. Ms. Chan was further promoted to her current position in July 2017. Ms. Chan obtained a Certificate in Marketing Management in May 2015 and an Advanced Certificate in Administrative and Management Skills in September 2015 from The Hong Kong Management Association. Ms. Chan's working experience prior to joining the Group includes the following:

Name of Company	Principal business activity	Position	Period of service
Shun Tat Express Company	Cross border trucking company	Courier	January 2004 to December 2004
Goldbase Steel Company Limited	Steel processing	Clerk	August 2005 to April 2009
Anken Consulting Limited	Accountancy firm	Administrative assistant	June 2009 to August 2011

Mr. POON Yau Cheung (潘柔翔) ("Mr. Poon"), aged 41, is the senior project manager of the Group. Mr. Poon is responsible for managing fitting-out and renovation projects. Mr. Poon joined the Group in June 2008 and was promoted to the current position of project manager in May 2012. Mr. Poon was further promoted to his current position in March 2018. Mr. Poon obtained a Bachelor of Science Degree in Engineering – Building Services from West Coast Institute of Management & Technology, Australia in December 2008 and a Bachelor of Science Degree in Building Surveying from Heriot-Watt University, the United Kingdom in June 2012 both through distance learning. In September 2015, Mr. Poon further obtained a Master of Science Degree in Project Management from The Hong Kong Polytechnic University. Prior to joining the Group, Mr. Poon worked in Sanfield (Management) Ltd as an assistant land surveyor from September 2000 to June 2008.

Mr. KWOK Man Ho (郭文浩) ("Mr. Kwok"), aged 43, is the financial manager of the Group, responsible for managing financial and accounting matters. Mr. Kwok joined the Group in April 2016. Mr. Kwok obtained a Bachelor Degree in Business Administration from American Central University, United States of America in January 2007 and a Master Degree in Business Administration from Rochville University, United States of America in September 2008, both through distance learning. Mr. Kwok also obtained the Certificates of Accounting (3rd Level), Management Accounting (3rd Level) and Cost Accounting (3rd level) awarded by the London Chamber of Commerce and Industry since April 1999, January 2000 and April 2000, respectively. Mr. Kwok has more than 23 years of experience in the accounting field, including the following:

Name of company	Principal business activity	Position	Period of service
Wilson Ho & Co. CPA	Auditing service, bookkeeping and accounting service	Accounting assistant	October 1994 to July 1995
Precieux Garment Factory Ltd.	Manufacturer of suits & jackets, children's wear, denim garments, high fashion wear and babies' wear	Assistant accountant	December 1996 to April 1999
Creative Technology Consultancy	Accounting and software	Accountant	May 1999 to February 2004
Mike & Kremmel Ltd	Exporter of kitchen utensils and household products	Accounting manager	March 2004 to February 2016

Company Secretary

Ms. YIM Sau Ping（嚴秀屏）("Ms. Yim"), aged 36, was appointed as the company secretary of the Company (the "**Company Secretary**") on 8 August 2016. Prior to joining the Group, Ms. Yim worked for Ngai Shun Holdings Limited (Stock Code: 1246, now known as Boill Healthcare Holdings Limited), a company listed on the Main Board of the Stock Exchange, as a company secretary from October 2014 to May 2015, and as a financial controller from October 2014 to August 2015. She also worked for JC Group Holdings Limited (now known as Tonking New Energy Group Holdings Limited) (Stock Code: 8326), a company listed on GEM, as a company secretary from November 2013 to December 2013, and as an accounting manager from April 2012 to December 2013. From October 2015 to May 2018, Ms. Yim worked for Jia Group Holdings Limited (Stock Code: 8519), a company listed on the GEM, as a company secretary. She has been a director of Blooming (HK) Business Limited, a company primarily engaged in corporate advisory and company secretarial services, since October 2015. Ms. Yim is currently the company secretary of seven companies listed on the Stock Exchange.

Ms. Yim obtained a Bachelor of Arts Degree in Accountancy from The Hong Kong Polytechnic University in December 2007. She has been a member and a fellow member of the Hong Kong Institute of Certified Public Accountants since January 2010 and October 2017 respectively. She has accumulated more than 10 years of experience in accounting, auditing and financial management in international audit firm, financial institution and listed companies.

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Company and the audited consolidated financial statements of the Group for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and its subsidiaries are principally engaged in (i) interior fitting-out and renovation services; and (ii) A&A works for residential, industrial and commercial properties in Hong Kong. Details of the principal activities of its subsidiaries are set out in Note 36 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW

The business review of the Group for the year is set out in the "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

DIVIDEND POLICY

The Board has adopted a dividend policy (the "**Dividend Policy**") on 28 December 2018. Details of the Dividend Policy is disclosed as below.

The Dividend Policy aims to provide shareholders of the Company out of the Group's profit attributable to shareholders in any financial year, subject to the criteria set out below.

Such declaration and payment of dividends shall remain to be determined at the discretion of the Board and subject to all applicable requirements (including without limitation restrictions on dividend declaration and payment) under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and the memorandum and articles of association of the Company.

In proposing any dividend payout, the Board shall also take into account, inter alia:–

- the Group's actual and expected financial performance;
- shareholders' interests;
- retained earnings and distributable reserves of the Company and each of the other members of the Group;
- the level of the Group's debts to equity ratio, return on equity and financial covenants to which the Group is subject;
- possible effects on the Group's creditworthiness;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- the Group's expected working capital requirements and future expansion plans;
- liquidity position and future commitments at the time of declaration of dividend;
- taxation considerations;
- statutory and regulatory restrictions;
- general business conditions and strategies;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems appropriate.

The Board may propose the payment of dividends, if any, with respect to the Company's shares on a per share basis.

In addition to cash, dividends may be distributed in the form of shares subject to and in accordance with the procedures set out in the Company's memorandum and articles of association.

Except for interim dividend, any dividends declared by the Company must be approved by an ordinary resolution of shareholders at the general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the shareholders such interim dividends as appear to the directors to be justified by the profits of the Company available for distribution.

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

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2019 are set out in the consolidated statement of profit or loss and other comprehensive income in this report. The state of affairs of the Group and the Company as at 31 March 2019 are set out in the consolidated statement of financial position and Note 35 to the consolidated financial statements respectively. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2019.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Friday, 30 August 2019 (the "**2019 AGM**"). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 27 August 2019 to Friday, 30 August 2019, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the company in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 26 August 2019.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 100. This summary does not form part of the audited consolidated financial statements of the Group.

PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Group during the year are set out in Note 14 to the consolidated financial statements.

DONATION

During the year ended 31 March 2019, the Group did not make any charitable donations (2018: Nil).

SHARE CAPITAL

Details of movements in the Company's share capital during the year, together with the reasons thereof, are set out in Note 25 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in consolidated statement of changes in equity and Note 35 to the consolidated financial statements respectively.

SHARE OPTIONS SCHEMES

The Company conditionally adopted a share option scheme on 23 December 2016 (the "**Scheme**"). The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and other relevant rules and regulations. Further details of the Scheme are set forth in the section headed "Statutory and General Information – D. Share Option Scheme" in Appendix IV to the Prospectus and Note 27 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions entered into by the Group during the year ended 31 March 2019 are set out in Note 31 to the consolidated financial statements. To the best knowledge of the Directors, none of these related party transactions constitutes connected transactions that need to be disclosed under the Listing Rules.

DISTRIBUTABLE RESERVES

At 31 March 2019, the Company's reserves available for distribution to owners comprising share premium account less accumulated losses, amounted to approximately HK$27.8 million.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2019, the percentage of the Group's aggregate turnover attributable to the Group's largest customer was approximately HK$40.1 million (16.0%), while the percentage of the Group's total turnover attributable to the five largest customers in aggregate was approximately HK$122.0 million (48.5%).

During the year ended 31 March 2019, the percentage of the Group's purchase amount attributable to the Group's largest supplier was approximately HK$45.0 million (22.7%) of the total direct costs, while the percentage of the Group's total purchase amount attributable to the five largest suppliers in aggregate was approximately HK$71.2 million (35.9%) of the total direct costs.

To the best knowledge of the Directors, none of the Directors of the Company, or any of their close associates or shareholders who own more than 5% of the Company's issued share capital has any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

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

Executive Directors

Ms. Wong Wan Sze *(Chairman)*
Mr. Lam Shui Wah *(Chief Executive Officer)*

Independent non-executive Directors

Mr. Ng Man Wai
Mr. Wu Wai Ki
Ms. Tsang Ngo Yin

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

Any Director who has not been subject to retirement by rotation in the three years preceding the annual general meeting shall retire by rotation at such annual general meeting.

PERMITTED INDEMNITY PROVISION

Pursuant to the memorandum and articles of association of the Company, the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in the execution of their duties in their offices.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTEREST IN SIGNIFICANT CONTRACTS

Save as the related party transactions disclosed in Note 31 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries was a party during the year ended 31 March 2019.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Company's controlling shareholders or their subsidiaries, during the year.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 13 to 17 of this annual report.

EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in Note 10 and Note 11 respectively to the consolidated financial statements. The emolument of the number of the highest paid individuals who are not the Directors of the Company for the year ended 31 March 2019 are set out in Note 11 to the consolidated financial statements.

The emoluments of the senior management of the Group for the year ended 31 March 2019 falls within the following band:

Emolument Band	Number of Senior Management
Nil to HK$1,000,000	3
HK$1,000,001 to HK$1,500,000	2

EMOLUMENT POLICY

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

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

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2019 are set out in Note 28 to the consolidated financial statement.

MANAGEMENT CONTRACTS

Save for the service agreements (for executive Directors) and letters of appointment (for the independent non-executive Directors) with the Company entered into with each of the Directors, no contracts concerning the management and administration of the whole and any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2019.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" below and the share option scheme disclosures in Note 27 to the consolidated financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or the Company's subsidiary or holding company or a subsidiary of the Company's holding company a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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

As at 31 March 2019, the interests and short positions of each of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Future Ordinance ("**SFO**")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions), or which are required, pursuant to Section 352 of the SFO, to be entered in the registered referred to therein or which are required to be notified to the Company and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") set out in Appendix 10 of the Listing Rules, are as follows:

Long positions in shares and underlying shares

Name	Capacity/Nature of interest	Number of underlying Shares	Approximate Percentage of shareholding
Mr. Lam Shui Wah *(Note 1)*	Interest in a controlled corporation	420,000,000	37.5%
Ms. Wong Wan Sze *(Note 2)*	Interest of spouse	420,000,000	37.5%

Notes:

(1) Mr. Lam beneficially owns the entire issued share capital of Summer Unicorn Limited ("**Summer Unicorn**") which directly holds 37.5% of the shares of the Company. Therefore, Mr. Lam is deemed, or taken to be, interested in all the Shares held by Summer Unicorn for the purpose of the SFO. Mr. Lam is the sole director of Summer Unicorn.

(2) Ms. Wong is the spouse of Mr. Cheung. Therefore, Ms. Wong is deemed, or taken to be interested in all the Shares in which Mr. Cheung is interested for the purpose of the SFO.

Save as disclosed above, as at 31 March 2019, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Model Code to be notified to the Company and the Stock Exchange.

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

As at 31 March 2019, the following persons/entities (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long positions in the shares

Name	Capacity/nature	Number of underlying Shares	Approximate percentage of shareholding
Summer Unicorn	Beneficial owner	420,000,000	37.5%
Heavenly White Limited *(Note 1)*	Beneficial owner	420,000,000	37.5%
Mr. Cheung *(Note 1)*	Interest in a controlled corporation	420,000,000	37.5%
Ms. Ngai Suet Ling *(Note 2)*	Interest of spouse	420,000,000	37.5%

Note:

(1) Mr. Cheung beneficially owns the entire issued share capital of Heavenly White Limited ("**Heavenly White**"). Therefore, Mr. Cheung is deemed, or taken to be, interested in all the shares held by Heavenly White for the purpose of the SFO. Mr. Cheung is the sole director of Heavenly White.

(2) Ms. Ngai Suet Ling is the spouse of Mr. Lam. Therefore, Ms. Ngai Suet Ling is deemed, or taken to be interested in all the shares in which Mr. Lam is interested for the purpose of the SFO.

Save as disclosed above, as at 31 March 2019, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section "Directors' Report – Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company remained to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 31 March 2019.

COMPETITION AND CONFLICT OF INTERESTS

None of the directors or the controlling shareholders (as defined in the Listing Rules) of the Company (the "**Controlling Shareholders**") or their respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has or may have any other conflict of interests with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules during the year ended 31 March 2019.

Non-Competition Undertakings

In order to avoid any possible future competition between our Group and the Controlling Shareholder, Mr. Cheung, Heavenly White, Mr. Lam and Summer Unicorn (each a "**Covenantor**" and collectively the "**Covenantors**") have entered into the deed of non-competition (the "**Deed of Non-competition**") with the Company (for itself and for the benefit of each other member of the Group) on 23 December 2016. Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to the Company (for itself and as trustee of its subsidiaries) that, during the year that the Deed of Non-competition remains effective, he/it shall not, and shall procure that his/its associates (other than any member of the Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of the Group.

Each of the Covenantors further undertakes that if he/it or his/its associates other than any member of the Group is offered or becomes aware of any business opportunity which may compete with the business of the Group, he/it shall (and he/it shall procure his/its associates to) notify the Group in writing and the Group shall have a right of first refusal to take up such business opportunity. The Group shall, within 6 months after receipt of the written notice (or such longer period if the Group is required to complete any procedures as set out under the Listing Rules from time to time), notify the Covenantor(s) whether the Group will exercise the right of first refusal or not.

The Group shall only exercise the right of first refusal upon the approval of all the independent non-executive Directors (who do not have any interest in such opportunity). The relevant Covenantor(s) and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of the independent non-executive Directors for consideration whether or not to exercise the right of first refusal.

Each of the covenantors also gave certain non-competition undertakings under the Deed of Non-competition as set out in the paragraph headed "Relationship with the Controlling Shareholders – Deed of Non-Competition" in the Prospectus.

During the year, the Company had not received any information in writing from any of the Controlling Shareholders in respect of any new business opportunity which competed or might compete with the existing and future business of the Group which were offered to or came to the knowledge of the Controlling Shareholders or their associates (other than any member of the Group), and the Company has received an annual written confirmation from each Controlling Shareholder of the Company in respect of him/it and his/its associates in compliance with the Deed of Non-competition. The independent non-executive Directors have also reviewed and were satisfied that each of the Controlling Shareholders of the Company had complied with the Deed of Non-competition.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 27 to 36 of this report.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company during the year ended 31 March 2019.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company maintained the public float as required under the Listing Rules during the year ended 31 March 2019 and up to the date of this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

INDEPENDENT AUDITORS

The consolidated financial statements of the Group for the year ended 31 March 2019 were audited by HLB Hodgson Impey Cheng Limited. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint HLB Hodgson Impey Cheng Limited as auditor of the Company. The Company has not changed its external auditor in any of the preceding three years.

ON BEHALF OF THE BOARD
LKS Holding Group Limited
Wong Wan Sze
Chairman and executive Director

Hong Kong, 28 June 2019

INTRODUCTION

The Company is committed to achieving and maintaining high standards of corporate governance. The Board treats corporate governance as an integral part of business strategy, as good and effective corporate governance practices are fundamental to obtaining and maintaining the trust of the shareholders' and stakeholders' of the Company. By putting in place the right governance framework, the encouragement of accountability and transparency are the key to sustain the success of the Group and to promote the interests of its shareholders of the Company.

CORPORATE GOVERNANCE PRACTICE

The Company acknowledge the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving a high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. Accordingly, the Company has adopted sound corporate governance principles that emphasise a quality Board, effective internal control, stringent disclosure practices, transparency and accountability to all stakeholders.

The Company has applied the principles and code provisions in Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Listing Rules. In the opinion of the Board, the Company has complied with the CG Code throughout the year.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by Directors. After making specific enquiries, all Directors have fully complied with the required standards set out in the Model Code and there was no event of non-compliance throughout the year.

DIRECTORS' RESPONSIBILITIES

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

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

DELEGATION BY THE BOARD

Daily operation and managing of the business of the Group, inter alia, the implementation of strategies are delegated to the executive Directors along with other senior executives. They report periodically to the Board of their work and business decisions.

Board Composition

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

Executive Directors

Ms. Wong Wan Sze *(Chairman)*
Mr. Lam Shui Wah *(Chief Executive Officer)*

Independent non-executive Directors

Mr. Ng Man Wai
Mr. Wu Wai Ki
Ms. Tsang Ngo Yin

Biographical details of the Directors are set out in “Biographical Details of the Directors and Senior Management” on pages 13 to 17 of this report.

The proportion of independent non-executive Director is higher than what is required by Rules 3.10A, 3.10 (1) and (2) of the Listing Rules whereby independent non-executive Directors of a listed issuer represent at least one-third of the Board. The three independent non-executive Directors represent more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. With the various experience of both the executive Directors and the independent non-executive Directors and the nature of the Group’s business, the Board considered that the Directors have a balance of skills and experience for the business of the Board.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the “**Board Diversity Policy**”) on 28 December 2018 which sets out the basis to achieve diversity on the Board. Details of this policy is disclosed as below.

1. Purpose

The Board Diversity Policy aims to set out the approach to achieve diversity on the Board.

2. Vision

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance.

3. Policy

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

4. Measurable Objectives

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

5. Monitoring and Reporting

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

6. Review of the Board Diversity Policy

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

7. Disclosure of the Board Diversity Policy

A Summary of the Board Diversity Policy together with the measurable objectives set for implementing the Board Diversity Policy, and the progress made towards achieving those objectives will be disclosed in the annual corporate governance report.

NOMINATION POLICY

The Board has adopted a nomination policy (the "**Nomination Policy**") on 28 December 2018 which sets out the approach to guide the Nomination Committee in relation to the selection, appointment and re-appointment of the Directors. Details of the Nomination Policy is disclosed as below.

1 PURPOSE

1.1 The Nomination Policy aims to set out the approach to guide the Nomination Committee in relation to the selection, appointment and re-appointment of the Directors.

1.2 The Nomination Policy aims to ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Company's business.

2 CRITERIA

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

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

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

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

(d) independence;

(e) reputation for integrity;

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

(g) commitment to enhance and maximize shareholders' value.

3 RE-ELECTION OF DIRECTOR AT GENERAL MEETING

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

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

(b) whether the retiring Director(s) continue(s) to satisfy the Criteria in section 2.

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

4 NOMINATION PROCESS

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

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

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

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

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

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

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

5 RESPONSIBILITY

The Board will be ultimately responsible for the selection, appointment and re-appointment of Directors.

6 MONITORING AND REPORTING

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

7 REVIEW OF THE NOMINATION POLICY

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

8 DISCLOSURE OF THE NOMINATION POLICY

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

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

- the process used for identifying the candidate and why the Board believes the candidate should be elected and the reason why it considers the candidate to be independent;

- if the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, the reason the board believes the candidate would still be able to devote sufficient time to the Board;

- the perspectives, skills and experience that the candidate can bring to the Board; and

- how the candidate can contribute to the diversity of the Board.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

The Company has received from each independent non-executive Director an annual confirmation of his/her independence, and the Company considers such Directors to be independent in accordance with the criteria set out in Rule 3.13 of the Listing Rules.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company on 5 May 2016 and signed letters of appointment with each of independent non-executive Directors on 20 December 2016. The service contracts with the executive Directors and the letter of appointment with each of independent non-executive Directors are for an initial fixed term of three years commencing from the date of listing (i.e. 12 January 2017). The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the memorandum and articles of association of the Company and the applicable Listing Rules.

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

Each of Ms. Wong Wan Sze and Ms. Tsang Ngo Yin will retire from office at the forthcoming annual general meeting of the Company to be held on 30 August 2019. Ms. Wong Wan Sze and Ms. Tsang Ngo Yin, being eligible, will offer themselves for re-election.

At the forthcoming annual general meeting of the Company, separate ordinary resolutions will be put forward to the shareholders of the Company in relation to the proposed re-election of Ms. Wong Wan Sze, as an executive Director, and Ms. Tsang Ngo Yin as an independent non-executive Director.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual in order to balance the distribution of power.

Ms. Wong Wan Sze was the chairman of the Board throughout the year. Mr. Lam Shui Wah is the chief executive officer of the Company.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

In compliance with the code provision A.6.5 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Group acknowledges the importance of adequate and ample continuing professional development for the Directors for a sound and effective internal control system and corporate governance. In this regard, the Group has always encouraged the Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance.

During the year ended 31 March 2019, the Company has provided and all Directors have attended training courses on the updates of the Listing Rules concerning good corporate governance practices. The Company will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the Listing Rules.

BOARD COMMITTEES

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

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

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

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

Remuneration Committee

The Remuneration Committee was established on 23 December 2016. The chairman of the Remuneration Committee is Mr. Wu Wai Ki, the independent non-executive Director, and other members includes Ms. Tsang Ngo Yin, the independent non-executive Director and Ms. Wong Wan Sze, the chairman and executive Director. The written terms of reference of the Remuneration Committee are posted on the website of the Stock Exchange and the Company's website.

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the appropriated policy and structures for all aspects of Directors' and senior management's remuneration. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee has reviewed the remuneration packages and emoluments of Directors and senior management and considered that they are fair and reasonable during the year ended 31 March 2019. No director nor any of his or her associates was involved in deciding his or her own remuneration.

Nomination Committee

The Nomination Committee was established on 23 December 2016. The chairman of the Nomination Committee is Ms. Wong Wan Sze, the chairman and executive Director, and other members included Mr. Wu Wai Ki and Ms. Tsang Ngo Yin, the independent non-executive Directors. The written terms of reference of the Nomination Committee are posted on the website of the Stock Exchange and on the Company's website.

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

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

Audit Committee

The Audit Committee comprising three independent non-executive Directors was established on 23 December 2016. The chairman of the Audit Committee is Ms. Tsang Ngo Yin, the independent non-executive Director, and other members included Mr. Ng Man Wai and Mr. Wu Wai Ki, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the website of the Stock Exchange and on the Company's website.

The Company has complied with Rule 3.21 of the Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

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

During the year, the Audit Committee held four meetings to review and comment on the Company's 2018 annual results, 2018 interim results and quarterly results as well as the Company's internal control procedures and risk management system.

The Group's consolidated financial statements for the year ended 31 March 2019 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2019 comply with applicable accounting standards, Listing Rules and that adequate disclosures have been made.

ATTENDANCE RECORDS OF MEETINGS

The Board meet regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as, the overall strategies and policies of our Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

During the year, the chairman held a meeting with the independent non-executive Directors without the executive Director present.

Below are details of all Directors' attendance at the Board meeting and Board committees' meeting held during the year ended 31 March 2019:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	2018 Annual General Meeting
	Number of Meetings Attended/Held				
Executive Directors					
Ms. Wong Wan Sze	4/4	–	1/1	1/1	1/1
Mr. Lam Shui Wah	4/4	–	–	–	1/1
Independent non-executive Directors					
Mr. Ng Man Wai	4/4	4/4	–	–	1/1
Mr. Wu Wai Ki	4/4	4/4	1/1	1/1	1/1
Ms. Tsang Ngo Yin	4/4	4/4	1/1	1/1	1/1

COMPANY SECRETARY

The Company Secretary assists the Board by ensuring the Board policy and procedures are followed. The Company Secretary is also responsible for advising that Board on corporate governance matters.

The Company engages an external service provider, which assigned Ms. Yim Sau Ping as its Company Secretary. Ms. Yim possess the necessary qualifications and experience rendering her capable of performing the functions of a company secretary. Mr. Lam Shui Wah, the executive Director, is the primary contact person who Ms. Yim contacts.

For the year ended 31 March 2019, Ms. Yim undertook no less than 15 hours of relevant professional training to update her skill and knowledge. The biographies of Ms. Yim is set out in the section headed "Biographical Details of the Directors and Senior Management" of this annual report.

INDEPENDENT AUDITORS' REMUNERATION

During the year, the remuneration paid or payable to the external auditors of the Company, HLB Hodgson Impey Cheng Limited, in respect of the audit and non-audit services were as follows:

	Remuneration paid/payable HK$'000
Statutory audit services	1,000
Non-audit services	500
	1,500

SHAREHOLDERS' RIGHT

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

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

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company's principal place of business in Hong Kong.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

- Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;

- Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence;

- Risk mitigation: Develop effective control activities to mitigate the risks.

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

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

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

The Audit Committee reviewed the internal control review report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of the year ended 31 March 2019 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

Under code provision C.2.5 of the CG Code, the Group should have an internal audit function. The Company has no internal audit function because the Company has maintained an internal control system and its implementation has been considered effective by the Audit Committee and the Board. In addition, the Audit Committee has communicated with external auditor of the Company to understand if there is any material control deficiency. Nevertheless, the Company will review the need for one on an annual basis.

DISCLOSURE OF INSIDE INFORMATION

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

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

Key procedures in place include:

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

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

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

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

To avoid uneven dissemination of inside information, the dissemination of inside information of the Company shall be conducted by publishing the relevant information on the Stock Exchange's website and the Company's website.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

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

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

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

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

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

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

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

During the year ended 31 March 2019, there was no significant change in the memorandum and articles of association of the Company.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

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Central
Hong Kong

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

OPINION

We have audited the consolidated financial statements of LKS Holding Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 42 to 99, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue and costs from construction contracts and contract assets	
Refer to Note 4, Note 5 and Note 17 to the consolidated financial statements. We identified the recognition of revenue and costs from construction contracts and contract assets as a key audit matter as significant management's estimations and judgements are involved in the determination of the outcome of construction contracts and the progress towards completion of construction works.	Our audit procedures in relation to recognition of revenue and costs from construction contracts and contract assets mainly included: – Reviewing the contract sum and budgeted costs to respective signed contracts and budgets prepared by management; – Understanding from management about how the budgets were prepared and the respective progress towards completion of construction works were determined; – Assessing the reasonableness of the budgets by comparing the actual outcome against management's estimation of completed contracts; – Testing the actual costs incurred on construction works; and – Evaluating the reasonableness of progress towards completion of construction works by obtaining the certificates issued by customers.

Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivables and contract assets	
Refer to Note 4, Note 16 and Note 17 to the consolidated financial statements. We identified the impairment of trade receivables and contract assets as a key audit matter as significant management's estimations and judgements are involved in assessing the expected credit losses of trade receivables and contract assets at the end of the reporting period.	Our audit procedures in relation to impairment of trade receivables and contract assets mainly included: – Obtaining an understanding and evaluating the methodologies and assumptions used by the Group in assessing expected credit losses; – Testing the accuracy of ageing analysis of the trade receivables; – Assessing the reasonableness of recoverability of trade receivables with reference to the credit history including default or delay in payments, settlement records, subsequent settlements and ageing analysis of each individual customer; and – Examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors 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 of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

The engagement director on the audit resulting in this independent auditors' report is Chan Ching Pang.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Chan Ching Pang
Practising Certificate Number: P05746

Hong Kong, 28 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	5	**251,386**	240,798
Direct costs		**(198,102)**	(195,517)
Gross profit		**53,284**	45,281
Other income, other gains and losses, net	6	**212**	1,382
Impairment losses, net of reversal		**(12,095)**	(3,217)
Administrative and other operating expenses		**(19,784)**	(15,415)
Finance costs	7	**(685)**	(659)
Profit before tax	8	**20,932**	27,372
Income tax expense	9	**(4,803)**	(5,432)
Profit and total comprehensive income for the year		**16,129**	21,940
Earnings per share			
– Basic and diluted (HK cents)	13	**1.44**	1.96

Details of dividends are disclosed in Note 12 to the consolidated financial statements.

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Plant and equipment	14	**3,463**	4,977
Deposits and prepayments for life insurance policies	15	**2,996**	2,913
Deferred tax assets	24	**2,151**	–
		8,610	7,890
Current assets			
Trade and other receivables	16	**84,394**	61,323
Contract assets	17	**28,312**	–
Amounts due from customers for contract work	18	**–**	36,939
Amounts due from related parties	19	**765**	730
Held-for-trading investments	20	**–**	17
Financial assets at fair value through profit or loss	20	**15**	–
Current tax recoverable		**25**	–
Bank balances and cash	21	**31,637**	43,104
		145,148	142,113
Total assets		**153,758**	150,003
Current liabilities			
Trade and other payables	22	**13,013**	15,333
Amounts due to customers for contract work	18	**–**	4,499
Borrowings	23	**24,198**	24,332
Current tax liabilities		**891**	768
		38,102	44,932
Net current assets		**107,046**	97,181
Total assets less current liabilities		**115,656**	105,071
Non-current liabilities			
Deferred tax liabilities	24	**–**	152
Net assets		**115,656**	104,919

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	25	**11,200**	11,200
Reserves	26	**104,456**	93,719
Total equity		**115,656**	104,919

The consolidated financial statements on pages 42 to 99 were approved and authorised for issue by the board of directors on 28 June 2019 and signed on its behalf by:

Wong Wan Sze
Director

Lam Shui Wah
Director

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to owners of the Company				
	Share capital HK$'000 (Note 25)	**Share premium** HK$'000 (Note 26)	**Special reserve** HK$'000 (Note 26)	**Retained profits** HK$'000	**Total equity** HK$'000
Balance at 1 April 2017	11,200	53,085	876	17,818	82,979
Profit and total comprehensive income for the year	–	–	–	21,940	21,940
Balance at 31 March 2018	11,200	53,085	876	39,758	104,919
Effect on initial application of HKFRS 15	–	–	–	(5,392)	(5,392)
Balance at 1 April 2018	11,200	53,085	876	34,366	99,527
Profit and total comprehensive income for the year	–	–	–	16,129	16,129
Balance at 31 March 2019	**11,200**	**53,085**	**876**	**50,495**	**115,656**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Cash flows from operating activities			
Profit before tax		20,932	27,372
Adjustments for:			
– Depreciation of plant and equipment		1,761	1,104
– Gain arising on change in fair value of derivative financial instruments		–	(20)
– Loss arising on change in fair value of financial assets at fair value through profit or loss		2	–
– Gain arising on change in fair value of held-for-trading investments		–	(4)
– Gain on disposal of plant and equipment		–	(261)
– Impairment losses on trade receivables and contract assets, net of reversal		12,095	3,217
– Interest expense		685	659
– Interest income		(7)	(1)
– Interest income on deposits and prepayments for life insurance policies		(83)	(106)
Operating cash flows before movements in working capital		35,385	31,960
Increase in trade and other receivables		(38,713)	(34,483)
Decrease in contract assets		1,218	–
Increase in amounts due from customers for contract work		–	(5,576)
Increase in amounts due from related parties		(35)	(44)
(Decrease)/increase in trade and other payables		(2,320)	5,452
Increase in amounts due to customers for contract work		–	774
Cash used in operations		(4,465)	(1,917)
Interest received		7	1
Interest paid		(1)	(2)
Hong Kong Profits Tax paid		(5,943)	(5,516)
Net cash used in operating activities		(10,402)	(7,434)
Cash flows from investing activities			
Net cash paid for derivatives financial instruments		–	(215)
Withdrawal of pledged bank deposit		–	3,000
Proceeds from disposals of plant and equipment		1	–
Purchases of plant and equipment		(248)	(5,703)
Net cash used in investing activities		(247)	(2,918)
Cash flows from financing activities			
Interest paid		(684)	(657)
Proceeds from borrowings		50,938	51,216
Repayment of borrowings		(51,072)	(33,367)
Net cash (used in)/generated from financing activities		(818)	17,192
Net (decrease)/increase in cash and cash equivalents		(11,467)	6,840
Cash and cash equivalents at the beginning of year		43,104	36,264
Cash and cash equivalents at the end of year, represented by bank balances and cash	21	31,637	43,104

The accompanying notes form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

LKS Holding Group Limited (the "**Company**") was incorporated in the Cayman Islands on 11 February 2016 as an exempted company with limited liability. The shares of the Company were successfully listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 January 2017.

The Company's shares are currently listed on the Main Board of the Stock Exchange. Dealings in the shares on the Main Board commenced on 9 May 2019 pursuant to the approval granted by the Stock Exchange for the transfer of listing of the shares from the GEM to the Main Board of the Stock Exchange.

The addresses of the registered office and the principal place of business of the Company are Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and 21/F, Po Shau Centre, No. 115 How Ming Street, Kwun Tong, Kowloon, Hong Kong, respectively.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "**Group**") is principally engaged in the provision of interior fitting-out, renovation, alteration and addition works services and interior design services.

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

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

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

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

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

New and amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.1 HKFRS 15 *Revenue from Contracts with Customers – Impact of adoption*

The Group has applied HKFRS 15 *Revenue from Contracts with Customers* for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to the contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and HKAS 11 and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Provision of interior fitting-out, renovation, alteration and addition works services; and

- Provision of interior design services.

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in Note 5 and Note 3 respectively.

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

New and amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.1 HKFRS 15 *Revenue from Contracts with Customers – Impact of adoption* (continued)

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2018 HK$'000	Impact of HKFRS 15 HK$'000	Carrying amounts under HKFRS 15 at 1 April 2018* HK$'000
Current assets			
Trade and other receivables	61,323	(11,891)	49,432
Contract assets	–	37,874	37,874
Amounts due from customers for contract work	36,939	(36,939)	–
Current tax recoverable	–	344	344
Current liabilities			
Amounts due to customers for contract work	4,499	(4,499)	–
Current tax liabilities	768	(721)	47
Capital and reserves			
Retained profits	39,758	(5,392)	34,366

* The amounts in this column are before the adjustments from the initial application of HKFRS 9.

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under HKFRS 15, revenue is recognised when a customer obtains control of goods or services. Determining the timing of the transfer of control over time requires judgement. Management assessed that revenue from provision of interior fitting-out, alteration and addition works services and interior design services is recognised over-time.

In relation to construction contracts previously accounted under HKAS 11, the Group continues to apply output method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. Under HKAS 11, contract costs are recognised as expenses by reference to the stage of completion, which is measured by reference to work performed to date as a percentage of total contract value. Under HKFRS 15, costs that related to satisfied performance obligations are expensed as incurred. In addition, at the date of initial application of HKFRS 15, retention receivables previously included in trade and other receivables are now included under contract assets. Accordingly, upon adoption of HKFRS 15, contract assets and current tax recoverable were increased by approximately HK$37,874,000 and HK$344,000 respectively, amounts due from customers for contract work, trade and other receivables, amounts due to customers for contract work and current tax liabilities were decreased by approximately HK$36,939,000, HK$11,891,000, HK$4,499,000 and HK$721,000, respectively, as at 1 April 2018, which resulted in a decrease in opening retained profits at 1 April 2018 by approximately HK$5,392,000, after net of tax effect of approximately HK$1,065,000.

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

New and amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.1 HKFRS 15 *Revenue from Contracts with Customers – Impact of adoption* (continued)

Summary of effects arising from initial application of HKFRS 15 (continued)

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position at 31 March 2019 and its consolidated statement of profit and loss and other comprehensive income for the current year. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	HK$'000	HK$'000
Current assets			
Trade and other receivables	84,394	11,176	95,570
Contract assets	28,312	(28,312)	–
Amounts due from customers for contract work	–	48,624	48,624
Current liabilities			
Amounts due to customers for contract work	–	29,205	29,205
Current tax liabilities	891	377	1,268
Capital and reserves			
Retained profits	50,495	1,906	52,401

Impact on the consolidated statement of profit or loss and other comprehensive income

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	HK$'000	HK$'000
Gross profit	53,284	(4,174)	49,110
Income tax expense	(4,803)	688	(4,115)
Profit and total comprehensive income for the year	16,129	(3,486)	12,643

The explanations of the above changes affected in the current year by the application of HKFRS 15 as compared to HKAS 11, HKAS 18 and the related interpretations are similar to the explanations set out above for describing the adjustments made to the consolidated statement of financial position at 1 April 2018 upon adoption of HKFRS 15.

The adoption of HKFRS 15 has no material impact to the net cash flows from operating, investing and financing activities on the consolidated statement of cash flows.

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

New and amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.2 HKFRS 9 *Financial Instruments – Impact of adoption*

In the current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities; (2) expected credit losses ("**ECL**") for financial assets and lease receivables; and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provision set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised at 1 April 2018. The difference between carrying amounts at 31 March 2018 and the carrying amounts at 1 April 2018 are recognised in the opening retained profits, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement* ("**HKAS 39**").

Accounting policies resulting from application of HKFRS 9 are disclosed in Note 3.

Summary of effects arising from initial application of HKFRS 9

*(i) Financial assets at fair value through profit or loss ("**FVTPL**")*

The Group has reassessed its investments in equity securities classified as held for trading under HKAS 39 as if the Group had purchased these investments at the date of initial application. Based on the facts and circumstances as at the date of initial application, HK$17,000 of the Group's investments were held for trading and continued to be measured at FVTPL.

(ii) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all contract assets and trade receivables. The ECL on these assets are assessed individually and/or collectively with appropriate grouping based on same risk characteristics.

ECL for other financial assets at amortised cost, including other receivables and bank balances, are assessed on 12-month ECL ("**12m ECL**") basis as there have been no significant increase in credit risk since initial recognition.

There is no material impact on the Group's accumulated loss allowance recorded on financial assets at 1 April 2018 upon initial adoption of the ECL requirements under HKFRS 9.

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

New and amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.3 Impacts on opening consolidated statement of financial position arising from the application of HKFRS 15 and HKFRS 9

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	31 March 2018 As originally presented HK$'000	**HKFRS 15** HK$'000	**HKFRS 9** HK$'000	**1 April 2018 Restated** HK$'000
Current assets				
Trade and other receivables	61,323	(11,891)	–	49,432
Contract assets	–	37,874	–	37,874
Amounts due from customers for contract work	36,939	(36,939)	–	–
Held-for-trading investments	17	–	(17)	–
Financial assets at fair value through profit or loss	–	–	17	17
Current tax recoverable	–	344	–	344
Current liabilities				
Amounts due to customers for contract work	4,499	(4,499)	–	–
Current tax liabilities	768	(721)	–	47
Capital and reserves				
Retained profits	39,758	(5,392)	–	34,366

Note: For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 March 2019, movements in working capital have been computed based on opening statement of financial position at 1 April 2018 as disclosed above.

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[3]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
4 Effective for annual periods beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after a date to be determined

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

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

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

New and amendments to HKFRSs in issue but not yet effective (continued)

HKFRS 16 *Leases* (continued)

Furthermore, extensive disclosures are required by HKFRS 16.

At 31 March 2019, the Group had non-cancellable operating lease commitments of HK$1,531,000 as disclosed in Note 29. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 *Leases* and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 below.

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (continued)

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

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

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in Note 2)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

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

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

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

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

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

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

Output method

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (prior to 1 April 2018)

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the ordinary course of business. Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from fitting-out, renovation, alteration and addition works service income is recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the gross billing value of contracting work can be measured reliably. The stage of completion of a contract is established by reference to surveys of work performed.

Interior design services income is recognised when the services have been rendered.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts for variation orders, claims and incentive payments. Contract costs comprise direct materials, costs of subcontracting, direct labour and an appropriate portion of variable and fixed construction overheads.

When the outcome of a construction contract can be estimated reliably, revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of each of the reporting period.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that will probably be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (prior to 1 April 2018) (continued)

Construction contracts (continued)

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amounts due to customers for contract work.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amounts due from customers for contract work.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items 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 retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Retirement benefit costs

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

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Plant and equipment

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

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

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

Impairment on tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 April 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2)

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2) (continued)

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

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

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

A financial asset is classified as held for trading if:

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

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

(i) Amortised cost and interest income

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2) (continued)

(ii) Financial assets at FVTPL

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

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

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including financial assets included in trade and other receivables, contract assets, amounts due from related parties and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables and contract assets without significant financing component. The ECL on these assets are assessed individually and/or collectively with appropriate grouping based on same risk characteristics.

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

(i) Significant increase in credit risk

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2) (continued)

(i) Significant increase in credit risk (continued)

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

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

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

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

(ii) Definition of default

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2) (continued)

(iii) Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower; or
- a breach of contract, such as a default or past due event; or
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2) (continued)

(v) Measurement and recognition of ECL (continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

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

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

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

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

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018)

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(i) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018) (continued)

(i) Financial assets at FVTPL (continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the 'other income, other gains and losses, net' line item.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including financial assts included in trade and other receivables, amounts due from related parties and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018)

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018) (continued)

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the respective credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables and borrowings) are subsequently measured at amortised cost, using the effective interest method.

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 terms of a debt instrument.

Financial guarantee contracts issued by the Group are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9 (since 1 April 2018)/HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (before application of HKFRS 9 on 1 April 2018); and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

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

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

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

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

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

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

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

Close 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.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Construction contracts revenue recognition

The Group recognises its contract revenue over time by reference to the progress towards complete satisfaction of a performance obligation at the end of the reporting period, measured based on the surveys of work performed to date of the individual contract of construction works relative to total contract value. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting period. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders prepared for each construction contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract revenue.

Impairment of trade receivables and contract assets

Before application of HKFRS 9 on 1 April 2018, the Group makes impairment loss for doubtful debts based on an assessment of the recoverability of trade receivables. Provisions are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates based on the credit quality of the receivables, ageing analysis and the past collection history of each customer. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables and doubtful debt expenses in the period in which such estimate has been changed.

Upon application of HKFRS 9 on 1 April 2018, the loss allowances for trade receivables and contract assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

5. REVENUE AND SEGMENT INFORMATION

HKFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker (the "**CODM**"), for the purpose of resources allocation and performance assessment. During the year, the CODM assess the operating performance and allocates the resources of the Group as a whole as the Group is primarily engaged in the provision of interior fitting-out, renovation, alteration and addition works services and interior design services. Therefore, the directors of the Company consider that the Group only has one operating segment.

The CODM reviews the overall results and financial position of the Group as a whole based on the same accounting policies of the Group as set out in Note 3 and no further analysis for segment information is presented.

The Group's revenue are as follows:

	2019	2018
	HK$'000	HK$'000
Fitting-out and renovation services	**112,446**	86,644
Alteration and addition works services	**131,055**	149,098
Interior design services	**7,885**	5,056
	251,386	240,798

Disaggregation of revenue from contracts with customers

	2019
	HK$'000
Types of goods and services:	
Fitting-out and renovation services	**112,446**
Alteration and addition works services	**131,055**
Interior design services	**7,885**
	251,386
Timing of revenue recognition:	
Over-time	**251,386**

Performance obligations for contracts with customers

The Group provides interior fitting-out, renovation, alteration and addition works services and interior design services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these services based on the progress towards completion of the contract using output method. The directors of the Company consider that output method would faithfully depict the Group's performance towards complete satisfaction of these performance obligations in these contracts under HKFRS 15.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) at 31 March 2019 amounted to approximately HK$185,619,000. Management expects that all the remaining performance obligations will be recognised as revenue within one year from the end of the reporting period.

Geographical information

The Company is domiciled in the Cayman Islands with the Group's major operations located in Hong Kong. The Group's revenue from external customers during the years ended 31 March 2019 and 2018 were mainly derived from Hong Kong, the place of domicile of the Group's operating subsidiaries. All the non-current assets of the Group are located in Hong Kong. Accordingly, no geographical information is presented.

Information about major customers

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

	2019 **HK$'000**	2018 HK$'000
Customer A	**40,068**	N/A[1]
Customer B	**25,326**	N/A[1]
Customer C	**N/A[1]**	36,471

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

6. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	2019 HK$'000	2018 HK$'000
Other income		
Bank interest income	7	1
Compensation income	69	790
Interest income on deposits and prepayments for life insurance policies	83	106
Sundry income	55	200
	214	1,097
Other gains and losses, net		
Gain arising on change in fair value of derivative financial instruments	–	20
Gain arising on change in fair value of held-for-trading investments	–	4
Loss arising on change in fair value of financial assets at fair value through profit or loss	(2)	–
Gain on disposal of plant and equipment	–	261
	(2)	285
	212	1,382

7. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest on bank borrowings and overdrafts	685	659

8. PROFIT BEFORE TAX

	2019 **HK$'000**	2018 HK$'000
Profit before tax has been arrived at after charging/(crediting):		
Auditors' remuneration	**1,000**	610
Depreciation of plant and equipment	**1,761**	1,104
Net foreign exchange gains	**–**	(1)
Operating lease payments in respect of rented premises	**1,224**	954
Impairment losses, net of reversal:		
Impairment loss recognised on trade receivables, net	**3,751**	3,217
Impairment loss recognised on contract assets	**8,344**	–
	12,095	3,217
Employee benefits expense:		
Salaries and other benefits	**20,739**	14,981
Contributions to retirement benefit scheme	**573**	440
Total employee benefits expense, including directors' emoluments (Note 10)	**21,312**	15,421

During the year ended 31 March 2019, total employee benefits expense amounting to approximately HK$13,592,000 (2018: HK$8,544,000) was included in direct costs and amounting to approximately HK$7,720,000 (2018: HK$6,877,000) was included in administrative and other operating expenses.

9. INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
Hong Kong Profits Tax:		
– Current income tax	7,100	5,279
– Under-provision in prior years	6	1
	7,106	5,280
Deferred tax (Note 24)	(2,303)	152
Total income tax expense recognised in profit or loss	4,803	5,432

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

Accordingly, starting from the year ended 31 March 2019, the Hong Kong Profits Tax for one of the subsidiaries of the Company is calculated at 8.25% on the first HK$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2,000,000. Hong Kong Profits Tax for other subsidiaries is calculated at 16.5% of the estimated assessable profits arising in or derived from Hong Kong for the year ended 31 March 2019.

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong for the year ended 31 March 2018.

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

	2019 HK$'000	2018 HK$'000
Profit before tax	20,932	27,372
Tax at Hong Kong Profits Tax rate of 16.5% (2018: 16.5%)	3,454	4,516
Tax effect of temporary differences not recognised	58	35
Tax effect of income not taxable for tax purpose	(1)	(13)
Tax effect of expenses not deductible for tax purpose	1,439	855
Others	12	38
Under-provision in prior years	6	1
Income tax at concessionary rate	(165)	–
Income tax expense for the year	4,803	5,432

10. DIRECTORS' EMOLUMENTS

Details of the emoluments paid or payable to each of the directors of the Company are as follows:

	Fees HK$'000	Salaries and other benefits in kind HK$'000	Discretionary bonus HK$'000	Contributions to retirement benefit scheme HK$'000	Total HK$'000
For the year ended 31 March 2019					
Executive directors					
Ms. Wong Wan Sze	–	800	268	18	1,086
Mr. Lam Shui Wah	–	1,440	480	18	1,938
Independent non-executive directors					
Mr. Ng Man Wai	150	–	–	–	150
Mr. Wu Wai Ki	150	–	–	–	150
Ms. Tsang Ngo Yin	150	–	–	–	150
	450	2,240	748	36	3,474
For the year ended 31 March 2018					
Executive directors					
Ms. Wong Wan Sze	–	800	–	18	818
Mr. Lam Shui Wah	–	1,440	300	18	1,758
Independent non-executive directors					
Mr. Ng Man Wai	150	–	–	–	150
Mr. Wu Wai Ki	150	–	–	–	150
Ms. Tsang Ngo Yin	150	–	–	–	150
	450	2,240	300	36	3,026

Mr. Lam Shui Wah is the chief executive officer of the Company.

The discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

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

Neither the chief executive officer nor any of the directors waived or agreed to waive any emoluments during the year ended 31 March 2019 (2018: Nil).

11. FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments, two (2018: two) of them are directors of the Company whose emoluments are set out in Note 10. Details of the emoluments in respect of the remaining three (2018: three) highest paid individuals are as follows:

	2019	2018
	HK$'000	HK$'000
Salaries and other benefits in kind	**2,630**	2,275
Discretionary bonus	**727**	605
Contributions to retirement benefit scheme	**54**	54
	3,411	2,934

The number of the highest paid individuals who are not the directors of the Company whose emoluments fell within the following bands:

	Number of individuals	
	2019	2018
Nil to HK$1,000,000	**1**	2
HK$1,000,001 to HK$1,500,000	**2**	1
	3	3

During the year ended 31 March 2019, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office (2018: Nil).

12. DIVIDENDS

No dividend was paid or proposed by the board of directors for the year ended 31 March 2019 (2018: Nil).

13. EARNINGS PER SHARE

	2019	2018
	HK$'000	HK$'000
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**16,129**	21,940

	2019	2018
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,120,000**	1,120,000

The diluted earnings per share is equal to the basic earnings per share as there is no dilutive potential ordinary share in issue during years ended 31 March 2019 and 2018.

14. PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
At 1 April 2017	411	281	759	1,451
Additions	3,522	2,181	–	5,703
Disposals	(411)	–	(759)	(1,170)
At 31 March 2018	3,522	2,462	–	5,984
Additions	–	178	70	248
Disposals	–	(1)	–	(1)
At 31 March 2019	**3,522**	**2,639**	**70**	**6,231**
Accumulated depreciation				
At 1 April 2017	337	111	228	676
Depreciation expense	658	275	171	1,104
Eliminated on disposals	(374)	–	(399)	(773)
At 31 March 2018	621	386	–	1,007
Depreciation expense	1,243	501	17	1,761
At 31 March 2019	**1,864**	**887**	**17**	**2,768**
Carrying amounts				
At 31 March 2019	**1,658**	**1,752**	**53**	**3,463**
At 31 March 2018	2,901	2,076	–	4,977

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

Leasehold improvements	Over the term of the lease
Furniture, fixtures and equipment	20%
Motor vehicles	30%

15. DEPOSITS AND PREPAYMENTS FOR LIFE INSURANCE POLICIES

The Group entered into two life insurance policies with an insurance company to insure Mr. Cheung Ka Yan and Mr. Lam Shui Wah. Under the policies, Ample Construction Company Limited ("**Ample Construction**"), an indirect wholly-owned subsidiary of the Company, is the beneficiary and policy holder and the total insured sum are US$2,000,000. Ample Construction is required to pay upfront deposits of approximately US$333,000. Ample Construction can terminate the policies at any time and receive cash back based on the cash value of the policies at the date of withdrawal, which is determined by the upfront payments of approximately US$333,000 plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge. In addition, if withdrawal is made at any time during the first to the fifteenth policy year, as appropriate, a pre-determined specified amount of surrender charge would be imposed. The insurance company will pay Ample Construction a guaranteed interest of 4.0% per annum for the first ten years, followed by guaranteed interest rate of 3.0% or above per annum for the following years.

15. DEPOSITS AND PREPAYMENTS FOR LIFE INSURANCE POLICIES (CONTINUED)

The directors of the Company consider that the possibility of terminating the policy during the first to fifteenth policy year was low and the expected life of the life insurance policy remains unchanged since its initial recognition. At 31 March 2019, the deposits and prepayments for life insurance policies amounted to approximately HK$2,996,000 (2018: HK$2,913,000). The deposits and prepayments for life insurance policies are denominated in US$.

16. TRADE AND OTHER RECEIVABLES

	2019 **HK$'000**	2018 HK$'000
Trade receivables	**80,173**	52,033
Less: Allowance for credit losses	**(8,894)**	(5,143)
	71,279	46,890
Retention receivables	**–**	11,891
Other receivables, prepayments and deposits	**13,115**	2,542
	84,394	61,323

The Group generally allows a credit period of 30 days to its customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

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

	2019 **HK$'000**	2018 HK$'000
0 – 30 days	**50,801**	37,755
31 – 60 days	**9,569**	4,476
61 – 90 days	**1,666**	3,125
91 – 180 days	**7,065**	1,505
Over 180 days	**11,072**	5,172
	80,173	52,033
Less: Allowance for credit losses	**(8,894)**	(5,143)
	71,279	46,890

As at 31 March 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$29,372,000 which are past due as at the reporting date. Out of the past due balances, approximately HK$10,145,000 has been past due 90 days or more and is not considered as in default based on good repayment records for those debtors and continuous business with the Group. The Group does not hold any collateral over these balances.

At 31 March 2018, trade receivables disclosed above include amounts which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing of trade receivables which are past due but not impaired

	2018 HK$'000
Overdue by:	
1 – 30 days	4,476
31 – 60 days	3,125
61 – 90 days	72
91 – 180 days	1,462
	9,135

Movement in the allowance for doubtful debts

	2018 HK$'000
Balance at beginning of the year	1,926
Impairment losses recognised during the year	3,378
Impairment losses reversed	(161)
Balance at end of the year	5,143

At 31 March 2018, the individually impaired trade receivables disclosed above relate to customers that have been in default in payment or in financial difficulties in repaying their outstanding balances.

Prior to 1 April 2018, the Group's policy for impairment loss on trade receivables under HKAS 39 is based on an evaluation of collectability and ageing analysis of the receivables which requires the use of judgement and estimates. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. Provisions are applied to the receivables when there are events or changes in circumstances indicating that the balances may not be collectible. The management closely reviews the trade receivables balances and any overdue balances on an ongoing basis and assessments are made by the management on the collectability of overdue balances.

Details of impairment assessment of trade and other receivables for the year ended 31 March 2019 are set out in Note 34.

At 31 March 2018, retentions held by customers for contract work amounted to approximately HK$11,891,000. Retention monies withheld by customers of contract works are released after the completion of defects liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts.

Except for retention receivables of approximately HK$4,456,000 at 31 March 2018, which are expected to be recovered after one year, all of the remaining retention receivables are expected to be recovered within one year. No retention receivables were past due at 31 March 2018. Upon application of HKFRS 15 on 1 April 2018, the retention receivables were reclassified to contract assets.

17. CONTRACT ASSETS

	At 31 March 2019 HK$'000	At 1 April 2018* HK$'000
Contract assets	36,656	37,874
Less: Allowance for credit losses	(8,344)	–
	28,312	37,874

* The amounts in this column are after the adjustments from the initial application of HKFRS 9 and HKFRS 15.

	At 31 March 2019 HK$'000	At 1 April 2018* HK$'000
Retention receivables of construction contracts (Note (a))	13,018	11,891
Unbilled revenue of construction contracts (Note (b))	23,638	25,983
Less: Allowance for credit losses	(8,344)	–
	28,312	37,874

* The amounts in this column are after the adjustments from the initial application of HKFRS 9 and HKFRS 15.

Notes:

(a) Retention receivables included in contract assets represent the Group's right to receive consideration for work performed and conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group.

(b) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the time when the Group obtains the certification of the completed construction work from the customers or when the Group entitled to issue invoices for the completed work to the customers.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

Details of impairment assessment of contract assets for the year ended 31 March 2019 are set out in Note 34.

18. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	2018 HK$'000
Contracts in progress at the end of the reporting period:	
Contract costs incurred plus recognised profits less recognised losses	272,829
Less: Progress billings	(240,389)
	32,440
Analysed for reporting purposes as:	
Amounts due from customers for contract work	36,939
Amounts due to customers for contract work	(4,499)
	32,440

19. AMOUNTS DUE FROM RELATED PARTIES

	2019 HK$'000	2018 HK$'000
Amounts due from related parties:		
Summer Unicorn Limited (Note (i))	**34**	24
Heavenly White Limited (Note (ii))	**35**	25
Ample Consultants & Contracting Company Limited (Note (iii))	**7**	7
Mr. Cheung Ka Yan (Note (iv))	**681**	666
Mr. Lam Shui Wah (Note (v))	**8**	8
	765	730
Maximum amount outstanding during the year:		
Summer Unicorn Limited (Note (i))	**34**	24
Heavenly White Limited (Note (ii))	**35**	25
Ample Consultants & Contracting Company Limited (Note (iii))	**7**	7
Mr. Cheung Ka Yan (Note (iv))	**681**	666
Mr. Lam Shui Wah (Note (v))	**8**	8

The amounts due are non-trade nature, unsecured, interest-free and repayable on demand.

Notes:

(i) Substantial shareholder and wholly-owned by Mr. Lam Shui Wah

(ii) Substantial shareholder and wholly-owned by Mr. Cheung Ka Yan

(iii) Mr. Lam Shui Wah and Mr. Cheung Ka Yan are the ultimate shareholders and have significant control over the company

(iv) Substantial shareholder and spouse of Ms. Wong Wan Sze, an executive director and the chairman of the Company

(v) Substantial shareholder and an executive director of the Company

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/HELD-FOR-TRADING INVESTMENTS

	2019 HK$'000	2018 HK$'000
Financial assets mandatorily measured at FVTPL/held for trading		
– Equity securities listed in Hong Kong	15	17

The fair values of the equity securities held for trading were determined based on the quoted market prices in an active market.

21. BANK BALANCES AND CASH

Bank balances earn interests at floating rate based on daily bank deposit rates and are placed with creditworthy banks with no recent history of default.

22. TRADE AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Trade payables	9,085	11,522
Other payables and accruals	3,928	3,811
	13,013	15,333

The credit period on trade payables are generally 0 to 30 days.

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

	2019 HK$'000	2018 HK$'000
0 – 30 days	3,690	8,113
31 – 60 days	224	712
61 – 90 days	637	1,420
91 – 180 days	2,077	81
Over 180 days	2,457	1,196
	9,085	11,522

23. BORROWINGS

	2019 HK$'000	2018 HK$'000
Bank loans – secured	**24,198**	24,332
Carrying amounts repayable*:		
On demand or within one year	**24,198**	24,332
Amount shown under current liabilities	**24,198**	24,332

* The amounts due are presented based on scheduled repayment dates set out in the loan agreements.

Notes:

(i) Included in the bank loans of approximately HK$4,412,000 (2018: HK$9,396,000) as at 31 March 2019, contain a repayment on demand clause with variable interest rate and were included in current liabilities. The remaining bank loans were repayable within one year and carries variable interest rate.

(ii) At 31 March 2019, the bank loans carries interest at rates ranging from 3.6% to 4.6% per annum (2018: 3.5% to 4.5% per annum).

(iii) At 31 March 2019 and 2018, the banking facilities of the Group granted by a bank was secured by the corporate guarantees given by the Company and a subsidiary and charges over life insurance policies as disclosed in Note 15.

24. DEFERRED TAX ASSETS AND LIABILITIES

The following are the major deferred tax assets/(liabilities) recognised and movements thereon:

	ECL provision HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1 April 2017	–	–	–
Charged to profit or loss (Note 9)	–	(152)	(152)
At 31 March 2018	–	(152)	(152)
Credited to profit or loss (Note 9)	2,151	152	2,303
At 31 March 2019	2,151	–	2,151

25. SHARE CAPITAL

Details of the Company's authorised and issued ordinary share capital are as follows:

	Number of ordinary shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2017, 31 March 2018 and 31 March 2019	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2017, 31 March 2018 and 31 March 2019	1,120,000,000	11,200

26. RESERVES

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.

Special reserve

Special reserve represents the reserve arose pursuant to the reorganisation for the purpose of listing the shares of the Company on 12 January 2017.

27. SHARE OPTION SCHEME

The Company has adopted a share option scheme ("**Scheme**") pursuant to a resolution passed on 23 December 2016. The purpose of the Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

Under the Scheme, the board of directors may, at their absolute discretion and subject to the terms of the Scheme, grant options to any employees (full-time or part-time), directors, consultants or advisors of the Group, or any substantial shareholders of the Group, or any distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group, to subscribe for shares of the Company.

Under the Scheme, the maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the shares in issue upon the date of which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders provided that the total number of Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit. Subject to the approval of the Company's shareholders, the aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share options schemes of the Company if this will result in the limit being exceeded.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Scheme or any other share option schemes of the Company in any 12-month period up to date of grant shall not exceed 1% of the shares of the Company in issue. Where any further grant of options to a participant under the Scheme would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his/her close associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approval by the independent non-executive directors of the Company (excluding any independent non-executive director who is the grantee). Where any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates would result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HK$5 million must be approved by the Company's shareholders at the general meeting of the Company, with voting to be taken by way of poll.

27. SHARE OPTION SCHEME (CONTINUED)

The offer of a grant of share options might be accepted in writing within 7 days from the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. A nominal consideration of HK$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 7 days from the date of the offer).

The subscription price shall be a price solely determined by the board of directors of the Company and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the offer date; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date; and (iii) the nominal value of the Company's share on the offer date.

The Scheme shall be valid and effective for a period of ten years commencing on 23 December 2016 and expiring on the business day immediately preceding the 10th anniversary thereof, subject to early termination provisions contained in the Scheme.

There was no share option granted to eligible participants during the year ended 31 March 2019 (2018: Nil). There was no outstanding share option at 31 March 2019 (2018: Nil).

28. RETIREMENT BENEFIT SCHEME

The Group operates a defined contribution scheme which is registered under the Mandatory Provident Fund Scheme (the "**MPF Scheme**") established under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees.

The Group contributes monthly to the MPF Scheme at the lower of HK$1,500 per month or 5% of relevant payroll costs for each employee, which contribution is matched by the employee.

The only obligation of the Group with respect of the MPF Scheme is to make the specified contributions. The total expenses recognised in the consolidated statement of profit or loss and other comprehensive income amounted to approximately HK$573,000 (2018: HK$440,000) for the year ended 31 March 2019 and represent contributions paid or payable to the MPF Scheme by the Group at rates specified in the rules of the scheme.

29. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented office premises which fall due as follows:

	2019 **HK$'000**	2018 HK$'000
Within one year	**1,122**	1,122
In the second to fifth years inclusive	**409**	1,531
	1,531	2,653

Operating lease relates to office premises with lease term of three years.

30. SURETY BONDS AND CONTINGENT LIABILITIES

Certain customers of construction contracts undertaken by the Group require Ample Construction to issue guarantees for the performance of contract works in the form of surety bonds of approximately HK$10,446,000 (2018: HK$3,570,000) at 31 March 2019. The Company and Ample Construction have unconditionally and irrevocably agreed to indemnify to the insurance companies that issue such surety bonds for claims and losses the insurance companies may incur in respect of the bonds. The surety bonds will be released when the contracts are completed or substantially completed pursuant to the relevant contract.

At 31 March 2019, the Group paid a cash collateral of approximately HK$2,235,000 (2018: HK$1,055,000) to an insurance companies for the issuance of surety bonds and are included in other receivables, prepayments and deposits (Note 16).

31. RELATED PARTY DISCLOSURES

(i) Outstanding balances with related parties

Details of outstanding balances with related parties are set out in Note 19.

(ii) Transaction with a related party

During the year ended 31 March 2018, the Group disposed a motor vehicle to Mr. Cheung Ka Yan for a consideration of HK$658,000. The consideration payable was included in the amount due from Mr. Cheung Ka Yan as disclosed in Note 19.

(iii) Guarantees provided by related parties

The executive directors of the Company, Mr. Lam Shui Wah and Ms. Wong Wan Sze, have unconditionally and irrevocably agreed to indemnify to an insurance company for the issuance of surety bonds (Note 30) for claims and losses from that insurance company which may incur in respect of such surety bonds.

(iv) Compensation of key management personnel

Key management includes executive directors and senior management of the Company. The remuneration of key management during the years ended 31 March 2019 and 2018 are as follows:

	2019 **HK$'000**	2018 HK$'000
Salaries and other benefits in kind	**7,148**	6,410
Contributions to retirement benefit scheme	**114**	124
	7,262	6,534

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

Reconciliation of liabilities arising from financing activities:

	At 1 April 2018 HK$'000	Cash flows HK$'000	Non-cash changes HK$'000	**At 31 March 2019 HK$'000**
Borrowings	24,332	(134)	–	**24,198**
Total liabilities from financing activities	24,332	(134)	–	**24,198**

	At 1 April 2017 HK$'000	Cash flows HK$'000	Non-cash changes HK$'000	At 31 March 2018 HK$'000
Borrowings	6,483	17,849	–	24,332
Total liabilities from financing activities	6,483	17,849	–	24,332

33. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes borrowings net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis by considering the cost of capital and the risks associated with the capital. In view of this, the Group manages its overall capital structure through the payment of dividends and the issue of new shares.

33. CAPITAL RISK MANAGEMENT (CONTINUED)

The net debt to equity ratio at the end of the reporting period is as follows:

	2019 HK$'000	2018 HK$'000
Debts (Note (i))	**24,198**	24,332
Less: Bank balances and cash (Note (ii))	**(31,637)**	(43,104)
Net debt	**(7,439)**	(18,772)
Equity (Note (iii))	**115,656**	104,919
Net debt-to-equity ratio	**N/A**	N/A

Notes:

(i) Debts represent borrowings as detailed in Note 23.

(ii) Bank balances and cash as detailed in Note 21.

(iii) Equity includes all capital and reserves attributable to owners of the Company.

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2019 HK$'000	2018 HK$'000
Financial assets		
Loans and receivables (including bank balances and cash)	**–**	104,760
Amortised cost	**107,342**	–
Mandatorily measured at FVTPL		
– Held for trading	**15**	17
Financial liabilities		
Amortised cost	**37,211**	39,643

34. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets included in trade and other receivables, amounts due from related parties, financial assets at fair value through profit or loss, held-for-trading investments, bank balances and cash, trade and other payables and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risks (foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

(i) Foreign currency risk

The majority of the Group's transactions and balances at and for the years ended 31 March 2019 and 2018 were denominated in Hong Kong dollars. The directors consider that the currency risk is not significant and the Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

In virtue of the exposure on foreign currency risk being minimal, the respective quantitative disclosures have not been prepared.

(ii) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing financial assets and financial liabilities. Interest-bearing financial assets and financial liabilities are mainly deposits and certain borrowings with bank respectively. Deposits and borrowings with banks carrying interest at variable rate exposure the Group to cash flow interest rate risk.

As the Group has no significant variable-rate interest-bearing financial assets and financial liabilities, except for short-term bank deposits and bank borrowings, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact on interest-bearing financial assets and financial liabilities resulted from the changes in interest rates because the interest rates of bank deposits and bank borrowings are relatively low and not expected to change significantly.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

In virtue of the exposure on interest risk being minimal, the respective quantitative disclosures have not been prepared.

34. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk (continued)

(iii) Price risk

The Group is exposed to equity price risk mainly through its investments in listed equity securities. The management manages this exposure by closely monitoring the price movements and the changes in market conditions that may affect the value of these investments. The Group currently does not have a policy on hedges of equity price risk. However, the management monitors equity price exposure and will consider hedging significant equity price exposure should the need arise.

In virtue of the exposure on equity price risk being minimal, the respective quantitative disclosures have not been prepared.

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade and other receivables, contract assets, amounts due from related parties and bank balances and cash. The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management has delegated staff responsible for credit approvals and ongoing monitoring procedures to ensure follow-up action is taken to recover overdue debts. The management also performs periodic evaluations and customer visits to ensure the Group's exposure to bad debts is not significant and adequate impairment losses are made for irrecoverable amount. The Group performs impairment assessment under ECL model upon application of HKFRS 9 (2018: incurred loss model) on trade balances based on provision matrix. In this regard, the management considers that the Group's credit risk is significantly reduced.

At 31 March 2019, there was 1 customer (2018: 2 customers) which individually contributed over 10% of the Group's trade and other receivables. The aggregate amounts of trade and other receivables from this customer amounted to approximately 47.9% (2018: 42.7%) of the Group's total trade and other receivables at 31 March 2019.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with good reputation. Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

34. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Bank balances/ deposits and other receivables
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settles after due date	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no reasonable expectations of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment as at 31 March 2019:

	Notes	12m or lifetime ECL	Gross carrying amounts HK$'000
Financial assets at amortised cost			
Trade receivables	(i)	Lifetime ECL	80,173
Deposits and other receivables	(ii)	12m ECL	3,661
Amounts due from related parties	(ii)	12m ECL	765
Bank balances and cash	(iii)	12m ECL	31,637
Other items			
Contract assets	(i)	Lifetime ECL	36,656

34. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (continued)

Notes:

(i) For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The ECL on these assets are assessed individually and/or collectively with appropriate groupings based on same risk characteristics.

(ii) For the purposes of internal credit risk management, the management consider that the credit risk on deposits and other receivables and amounts due from related companies have not significantly increased since initial recognition. The Group assessed and concluded that the expected credit loss rate for these financial assets are insignificant under 12m ECL.

(iii) All bank balances were placed in banks with high credit rating assigned by international credit-rating agencies or with good reputation. In the opinion of the directors of the Company, credit risk on these bank balances is insignificant.

The loss allowance for trade receivables and contract assets were determined as follows:

	Weighted average expected credit loss rate	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
At 31 March 2019				
Trade receivables	11.09%	80,173	(8,894)	71,279
Contract assets	22.76%	36,656	(8,344)	28,312

The expected loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

The following table shows the movement in the loss allowance for trade receivables and contract assets during the year ended 31 March 2019 is as follows:

	Trade receivables		Contract assets		
	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
At 31 March 2018 – HKAS 39	–	5,143	–	–	5,143
Adjustment upon application of HKFRS 9	–	–	–	–	–
At 1 April 2018 (restated)	–	5,143	–	–	5,143
Loss allowance reversed	–	(1,040)	–	–	(1,040)
Loss allowance recognised	1,385	3,406	88	8,256	13,135
At 31 March 2019	1,385	7,509	88	8,256	17,238

34. FINANCIAL INSTRUMENTS (CONTINUED)

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

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities.

At 31 March 2019, the Group has available unutilised bank overdraft, business card, and short-term and medium-term loan facilities with an aggregated amount of approximately HK$313,000 (2018: HK$164,000).

Liquidity tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause give the bank the unconditional right to call in the loan at any time. Therefore, for the purpose of the below maturity profile, the amounts are classified as "On demand".

	Weighted average effective interest rate	**On demand or within one year** HK$'000	**Over one year** HK$'000	**Total undiscounted cash flows** HK$'000	**Total carrying amount** HK$'000
At 31 March 2019					
Non-derivative financial liabilities					
Trade and other payables	–	13,013	–	13,013	13,013
Borrowings	4.3%	24,293	–	24,293	24,198
		37,306	–	37,306	37,211

	Weighted average effective interest rate	On demand or within one year HK$'000	Over one year HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 March 2018					
Non-derivative financial liabilities					
Trade and other payables	–	15,311	–	15,311	15,311
Borrowings	4.3%	24,494	–	24,494	24,332
		39,805	–	39,805	39,643

34. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurements of financial instruments

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price for financial assets held by the Group is the quoted market bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 31 March 2019 and 2018.

	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
At 31 March 2019				
Financial assets				
Financial assets at fair value through profit or loss				
– listed equity securities	**15**	**–**	**–**	**15**

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 March 2018				
Financial assets				
Financial assets held for trading				
– listed equity securities	17	–	–	17

There were no investments classified under Level 2 and Level 3 and there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 during the years ended 31 March 2019 and 2018.

Fair value of financial assets and financial liabilities that are carried at other than fair value

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the consolidated financial statements approximate to their fair values.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2019	2018
	HK$'000	HK$'000
Non-current assets		
Investment in a subsidiary	**29,423**	29,423
Current assets		
Amounts due from subsidiaries	**39,277**	48,261
Prepayments	**177**	148
Cash	**–**	–
	39,454	48,409
Total assets	**68,877**	77,832
Current liabilities		
Other payables	**428**	250
Net current assets	**39,026**	48,159
Net assets	**68,449**	77,582
Capital and reserves		
Equity attributable to owners of the Company		
Share capital	**11,200**	11,200
Reserves (Note)	**57,249**	66,382
Total equity	**68,449**	77,582

The Company's statement of financial position was approved and authorised for issue by the board of directors on 28 June 2019 and signed on its behalf by:

Wong Wan Sze	**Lam Shui Wah**
Director	*Director*

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserve is as follows:

	Share premium HK$'000	Special reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 April 2017	53,085	29,423	(11,034)	71,474
Loss and total comprehensive expense for the year	–	–	(5,092)	(5,092)
Balance at 31 March 2018	53,085	29,423	(16,126)	66,382
Loss and total comprehensive expense for the year	–	–	(9,133)	(9,133)
Balance at 31 March 2019	53,085	29,423	(25,259)	57,249

Special reserve

Special reserve represents the difference between the total equity of Thrive Tide Limited acquired by the Company pursuant to the reorganisation over the nominal value of the Company's shares issued in exchange therefore.

36. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries at 31 March 2019 are as follows:

Name of subsidiary	Place of incorporation/ operations	Issued and fully paid up share capital	Equity interests attributable to the Group	Principal activities
Thrive Tide Limited	British Virgin Islands	US$200	100% (direct)	Investment holding
Ample Construction Company Limited	Hong Kong	HK$5,000,000	100% (indirect)	Provision of interior fitting-out, renovation, alteration and addition works services
Ample Design Company Limited	Hong Kong	HK$10,000	100% (indirect)	Provision of interior design services

37. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation and disclosures.

38. EVENTS AFTER THE REPORTING PERIOD

The shares of the Company have been listed on the Main Board of the Stock Exchange by way of transfer of listing since 9 May 2019.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and the Prospectus is set out below.

RESULTS

	For the year ended 31 March				
	2019 **HK$'000**	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000
Revenue	**251,386**	240,798	165,715	140,719	134,047
Direct costs	**(198,102)**	(195,517)	(127,146)	(110,777)	(115,280)
Gross profit	**53,284**	45,281	38,569	29,942	18,767
Profit before tax	**20,932**	27,372	18,017	13,025	12,401
Income tax expense	**(4,803)**	(5,432)	(4,807)	(2,958)	(1,995)
Profit for the year	**16,129**	21,940	13,210	10,067	10,406
Profit for the year attributable to:					
Owners of the Company	**16,129**	21,940	13,210	9,957	10,545
Non-controlling interests	**–**	–	–	110	(139)

ASSETS AND LIABILITIES

	At 31 March				
	2019 **HK$'000**	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000
Total assets	**153,758**	150,003	104,307	54,138	45,047
Total liabilities	**(38,102)**	(45,084)	(21,328)	(30,654)	(31,631)
Total equity	**115,656**	104,919	82,979	23,484	13,416
Equity attributable to:					
Owners of the Company	**115,656**	104,919	82,979	23,484	13,658
Non-controlling interests	**–**	–	–	–	(242)