The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF IMS GROUP HOLDINGS LIMITED AND KINGSWAY CAPITAL LIMITED

Introduction

We report on the historical financial information of IMS Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-52, which comprises the consolidated statements of financial position as at 31 March 2016, 2017 and 31 July 2017 and the statements of financial position of the Company as at 31 March 2017 and 31 July 2017 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-52 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 11 January 2018 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1(c) and 2 of Section II to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars ("HKSIR 200") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1(c) and 2 of Section II to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Company's financial position as at 31 March 2017 and 31 July 2017 and the Group's financial position as at 31 March 2016 and 2017 and 31 July 2017 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of presentation and preparation set out in Notes 1(c) and 2 of Section II to the Historical Financial Information.

Review of Stub Period Comparative Historical Financial Information

We have reviewed the stub period comparative historical financial information of the Group which comprises 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 four months ended 31 July 2016 and other explanatory information (together the "Stub Period Comparative Historical Financial Information"). The directors of the Company are responsible for the presentation and preparation of the Stub Period Comparative Historical Financial Information in accordance with the basis of presentation and preparation set out in Note 1(c) and 2 of Section II to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Historical Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Note 1(c) and 2 of Section II to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information and the Stub Period Comparative Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 11 of Section II to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

No financial statements have been prepared for the Company since its date of incorporation.

BDO Limited
Certified Public Accountants
Shiu Hong Ng
Practising Certificate Number P03752
Hong Kong
11 January 2018

I. HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by BDO Limited in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

1. Consolidated Statements of Profit or Loss and Other Comprehensive Income

		Year ended 31 March		Four months ended 31 July	
	Notes	2016	2017	2016	2017
		HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Revenue	5	42,126	67,443	16,605	18,515
Direct costs		(18,935)	(28,560)	(5,993)	(9,089)
Gross profit		23,191	38,883	10,612	9,426
Other income	5	75	358	203	10
Other gains and losses	5	195	1,448	(1)	22
Administrative expenses		(15,720)	(15,711)	(4,786)	(5,422)
Finance costs	6	-	-	-	(32)
Listing expenses		-	(4,123)	-	(6,352)
Profit/(loss) before income tax expense		7,741	20,855	6,028	(2,348)
Income tax expense	10	(1,267)	(4,428)	(934)	(1,121)
Profit/(loss) for the year and attributable to owners of the Company		**6,474**	**16,427**	**5,094**	**(3,469)**
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations		-[(1)]	(85)	1	124
Other comprehensive income for the year and attributable to owners of the Company, net of tax		-[(1)]	(85)	1	124
Total comprehensive income for the year and attributable to owners of the Company		6,474	16,342	5,095	(3,345)

(1) Represents amount less than HK$1,000.

2. Consolidated Statements of Financial Position

	Notes	As at 31 March 2016	As at 31 March 2017	As at 31 July 2017
		HK$'000	HK$'000	HK$'000
Non-current assets				
Property, plant and equipment	13	828	583	604
Deposits paid for leasehold improvement	17	-	-	260
		828	583	864
Current assets				
Inventories	16	-	573	1,069
Trade and other receivables	17	11,760	17,665	18,392
Tax recoverable		1,070	299	299
Cash and cash equivalents	19	15,938	31,755	27,513
		28,768	50,292	47,273
Total assets		29,596	50,875	48,137
Current liabilities				
Amounts due to customers for contract work	15	605	-	-
Trade and other payables	20	8,796	16,438	15,210
Deferred income	22	293	137	193
Amounts due to directors	18	4,500	-	-
Dividend payable	11	-	20,000	20,000
Bank borrowing	21	-	-	1,694
Current tax liabilities		650	3,216	3,239
		14,844	39,791	40,336
Net current assets		13,924	10,501	6,937
Total assets less current liabilities		14,752	11,084	7,801
Non-current liabilities				
Deferred income	22	63	39	133
Other payables	20	193	215	194
Deferred tax liabilities	14	43	35	24
		299	289	351
Total liabilities		15,143	40,080	40,687
NET ASSETS		14,453	10,795	7,450
Equity				
Share capital	24	-	-[1]	-[1]
Reserves	25	14,453	10,795	7,450
TOTAL EQUITY		14,453	10,795	7,450

[1] Represents amount less than HK$1,000.

3. Consolidated Statements of Changes in Equity

	Attributable to owners of the Company					
	Share capital	**Merger reserve (Note 25(i))**	**Exchange reserve (Note 25(ii))**	**Statutory surplus reserve (Note 25(iii))**	**Retained profits (Note 25(iv))**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
As at 1 April 2015	-	8	-	-	7,971	7,979
Profit for the year	-	-	-	-	6,474	6,474
Other comprehensive income for the year						
Exchange differences on translating foreign operations	-	-	-[(1)]	-	-	-[(1)]
Total comprehensive income for the year	-	-	-[(1)]	-	6,474	6,474
As at 31 March 2016	-	8	-[(1)]	-	14,445	14,453
Profit for the year	-	-	-	-	16,427	16,427
Transfer to Statutory surplus reserve	-	-	-	250	(250)	-
Exchange differences on translating foreign operations	-	-	(85)	-	-	(85)
Total comprehensive income for the year	-	-	(85)	250	16,177	16,342
Issue of shares under group reorganisation (Note 24(i))	-[(1)]	-	-	-	-	-[(1)]
Dividend (Note 11)	-	-	-	-	(20,000)	(20,000)
As at 31 March 2017	-[(1)]	8	(85)	250	10,622	10,795

	Attributable to owners of the Company					
	Share capital	Merger reserve (Note 25(i))	Exchange reserve (Note 25(ii))	Statutory surplus reserve (Note 25(iii))	Retained profits (Note 25(iv))	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2017	-[1]	8	(85)	250	10,622	10,795
Loss for the period	-	-	-	-	(3,469)	(3,469)
Exchange differences on translating foreign operations	-	-	124	-	-	124
Total comprehensive income for the period	-	-	124	-	(3,469)	(3,345)
Issue of shares under group reorganisation (Note 24(ii))	-[1]	-	-	-	-	-[1]
As at 31 July 2017	-[1]	8	39	250	7,153	7,450
(Unaudited)						
As at 1 April 2016	-	8	-[1]	-	14,445	14,453
Profit for the period	-	-	-	-	5,094	5,094
Exchange differences on translating foreign operations	-	-	1	-	-	1
Total comprehensive income for the period	-	-	1	-	5,094	5,095
As at 31 July 2016	-	8	1	-	19,539	19,548

[1] Represents amount less than HK$1,000.

4. Consolidated Statements of Cash Flows

	Notes	Year ended 31 March 2016	Year ended 31 March 2017	Four months ended 31 July 2016	Four months ended 31 July 2017
		HK$'000	HK$'000	HK$'000	HK$'000
Cash flows from operating activities					
Profit/(loss) before income tax expense		7,741	20,855	6,028	(2,348)
Adjustments for:					
Depreciation of property, plant and equipment	7	889	300	114	116
Interest income	5	-	(1)	-	(2)
Unrealised exchange gain, net		(16)	(180)	-	-
Gain on disposal of property, plant and equipment	5	-	(1,050)	-	-
Finance costs	6	-	-	-	32
Provision of impairment on trade receivables, net	7	379	133	133	83
Operating profit/(loss) before working capital changes		8,993	20,057	6,275	(2,119)
Increase in trade and other receivables		(465)	(6,189)	(734)	(601)
Increase in inventories		-	(573)	(1,926)	(496)
Increase/(decrease) in trade and other payables		1,139	7,951	7,130	(1,384)
Increase/(decrease) in deferred income		356	(180)	5	150
Increase/(decrease) in amounts due to customers for contract work		475	(605)	(605)	-
Cash generated from/(used in) operations		10,498	20,461	10,145	(4,450)
Income tax paid		(1,575)	(1,077)	-	(1,109)
Net cash from/(used in) operating activities		8,923	19,384	10,145	(5,559)
Cash flows from investing activities					
Purchases of property, plant and equipment	13	(27)	(55)	(9)	(137)
Deposits paid for leasehold improvement		-	-	-	(260)
Increase in amounts due from directors		-	-	(7,097)	-
Proceeds from sale of property, plant and equipment		-	1,050	-	-
Interest received		-	1	-	2
Net cash (used in)/from investing activities		(27)	996	(7,106)	(395)

	Notes	Year ended 31 March 2016	Year ended 31 March 2017	Four months ended 31 July 2016	Four months ended 31 July 2017
		HK$'000	HK$'000	HK$'000	HK$'000
Cash flows from financing activities					
Increase/(decrease) in amounts due to directors		902	(4,500)	97	-
Proceeds from bank borrowings		-	-	-	1,920
Repayment of bank borrowings		-	-	-	(226)
Interest paid		-	-	-	(32)
Dividend paid		(1,571)	-	-	-
Net cash (used in)/from financing activities	30	(669)	(4,500)	97	1,662
Net increase/(decrease) in cash and cash equivalents		8,227	15,880	3,136	(4,292)
Effect of exchange rate changes on cash and cash equivalents		-	(63)	1	50
Cash and cash equivalents at beginning of year		7,711	15,938	15,938	31,755
Cash and cash equivalents at end of year	19	15,938	31,755	19,075	27,513

5. Statements of Financial Position of the Company

	Notes	As at 31 March 2017	As at 31 July 2017
		HK$'000	HK$'000
Non-current assets			
Investments in subsidiaries		-	10,419
Current assets			
Amount due from shareholder		-[(1)]	-[(1)]
Net-current assets and net assets		-[(1)]	10,419
Equity			
Share capital	24	-[(1)]	-[(1)]
Reserves	25	-	10,419
Total equity		-[(1)]	10,419

(1) Represents amount less than HK$1,000.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION AND BASIS OF PRESENTATION

(a) General information

The Company was incorporated in the Cayman Islands on 15 February 2017, as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at the offices of Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Since 13 October 2017, the principal place of business has been changed from Unit 1201, Block C, Seaview Estate, No. 8 Watson Road, Hong Kong to Room 1, 18/F, 148 Electric Road, North Point, Hong Kong.

Pursuant to the group reorganisation completed on 23 May 2017 (the "Reorganisation") as detailed in Note 1(b) of Section II below, the Company became the holding company of the subsidiaries now comprising the Group. The Company has not carried out any business since the date of its incorporation, except for the aforementioned reorganisation. The Company is an investment holding company and its subsidiaries (together referred to as the "Group") are principally engaged in sale of LED lighting fixtures and visual-audio system, provision of integrated LED lighting solution services, project consultancy and LED lighting system maintenance services (the "Listing Business").

In the opinion of the directors of the Company, the Company's immediate and ultimate holding company is The Garage Investment Limited, a company incorporated in British Virgin Islands.

Other than Shenzhen CH Alliance Trading Co. Ltd., all companies comprising the Group during the Relevant Periods have adopted 31 March as their financial year end date for statutory reporting purposes. No audited financial statements have been prepared for the Company since its date of incorporation as it has not carried out any business, other than the Reorganisation as referred to below and there is no statutory requirement for it to prepare audited financial statements. As at the date of this report, the Company has direct or indirect interests in the subsidiaries as set out below, all of which are private entities. Details of the statutory auditors of these subsidiaries are also set out below.

1. CORPORATE INFORMATION AND BASIS OF PRESENTATION - Continued

(a) General information - Continued

Name of entity	Place and date of incorporation and form of business structure	Percentage of equity attributable to the Company		Issued and fully paid ordinary share capital or registered capital	Principal activities and a principal place of business	Note
		Direct	*Indirect*			
Pangaea Holdings Limited ("Pangaea")	The British Virgin Islands (the "BVI"), 14 May 2014, limited liability company	100%	-	US$1,000 divided into 1,000 shares of US$1 each	Investment holding, Hong Kong	(a)
MISG Investment Limited ("MISG Investment")	The BVI, 16 February 2017, limited liability company	100%	-	US$1 divided into 1 shares of US$1 each	Investment holding, Hong Kong	(a)
MIS Technology Consultants Limited ("MIS Technology Consultants")	Hong Kong, 29 April 1998, limited liability company	100%	-	Ordinary shares of HK$100	Provision of management services to group companies, Hong Kong	(b)
MIS Technology Project Limited ("MIS Technology Project")	Hong Kong, 3 September 1999, limited liability company	-	100%	Ordinary shares of HK$100	Sale of visual-audio system and provision of system maintenance service, Hong Kong	(b)
IMS 512 Limited ("IMS 512")	Hong Kong, 2 April 2003, limited liability company	-	100%	Ordinary shares of HK$1,000	Sale of lighting fixtures, provision of integrated LED lighting solution services, project consultancy and LED lighting system maintenance services, Hong Kong	(b)

1. CORPORATE INFORMATION AND BASIS OF PRESENTATION - Continued

(a) General information - Continued

Name of entity	Place and date of incorporation and form of business structure	Percentage of equity attributable to the Company		Issued and fully paid ordinary share capital or registered capital	Principal activities and a principal place of business	Note
		Direct	*Indirect*			
IMS Contracting Limited ("IMS Contracting")	Hong Kong, 30 May 2014, limited liability company	-	100%	Ordinary shares of HK$10,000	Dormant, Hong Kong	(b)
Bluelite Concept Limited ("Bluelite Concept")	Hong Kong, 15 December 2009, limited liability company	-	100%	Ordinary shares of HK$1,000,000	Sale of LED lighting fixtures and provision of integrated LED lighting solution services, Hong Kong	(b)
Bluelite Illumination Limited ("Bluelite Illumination")	Hong Kong, 30 May 2014, limited liability company	-	100%	Ordinary shares of HK$10,000	Sale of lighting fixtures, Hong Kong	(b)
CT 2015 Limited ("CT 2015")	Hong Kong, 20 April 2015, limited liability company	-	100%	Ordinary shares of HK$10,000	Investment holding, Hong Kong	(b)
Shenzhen CH Alliance Trading Co. Ltd., 深圳創恒聯盟貿易有限公司 ("Shenzhen Chuangheng")	The People's Republic of China (the "PRC") 16 September 2015, limited liability company	-	100%	HK$500,000 divided into 500,000 shares of HK$1 each	Sale of LED lighting fixtures and related services, the PRC	(c)

(a) No audited financial statements have been prepared for Pangaea and MISG Investment since their date of incorporation as there is no statutory requirement for them to prepare audited financial statements.

(b) The statutory financial statements for the year ended 31 March 2016 were audited by Santos C.H. Li CPA Limited. BDO Limited is the auditor of the companies for the financial year ended 31 March 2017.

(c) The statutory financial statements for the year ended 31 December 2016 were audited by 深圳永信瑞和會計師事務所(特殊普通合伙).

1. CORPORATE INFORMATION AND BASIS OF PRESENTATION - Continued

(b) Reorganisation

In preparation for the listing of shares of the Company on the GEM of the Stock Exchange and for the purpose of rationalising the Group's structure, the Company underwent the Reorganisation which involved the following steps:

Step 1 Incorporation of the Company and investment holding companies in the BVI

i. On 14 February 2017, Eight Dimensions Investment Limited ("Eight Dimensions") was incorporated in the BVI and was authorised to issue a maximum of 50,000 shares of par value of US$1.00 each. One share in Eight Dimensions was issued and allotted to Mr. Yeung Wun Tang ("Mr. Andy Yeung") on the same day at par value and Eight Dimensions has been wholly owned by Mr. Andy Yeung since then.

ii. On 14 February 2017, The Garage Investment Limited ("Garage Investment") was incorporated in the BVI and was authorised to issue a maximum of 50,000 shares of par value of US$1.00 each. One share in Garage Investment was issued and allotted to Mr. Tam Yat Ming ("Mr. Andrew Tam") on the same day at par value and Garage Investment has been wholly owned by Mr. Andrew Tam since then.

iii. On 15 February 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$380,000 divided into 380,000,000 Shares. Upon its incorporation, 1 Share was allotted and issued to the initial subscriber, which was transferred to Garage Investment on the same day, at par value. On the same day, 54 Shares were issued and allotted to Garage Investment and 45 Shares were issued and allotted to Eight Dimensions. Upon completion of the said transfer and issue and allotment, the Company was held as to 45% by Eight Dimensions and 55% by Garage Investment.

iv. On 16 February 2017, MISG Investment was incorporated in the BVI and was authorised to issue a maximum of 50,000 shares of par value of US$1.00 each. One share in MISG Investment was issued and allotted to the Company on the same day at par value and MISG Investment has been wholly owned by the Company since then.

Step 2 Transfer of interest in MIS Technology Project to MISG Investment

Pursuant to the share transfer agreement dated 17 May 2017, Pangaea transferred 100 shares in MIS Technology Project to MISG Investment for a nominal cash consideration of HK$3.00. Upon completion of such transfer, MIS Technology Project became a wholly-owned subsidiary of MISG Investment.

Step 3 Transfer of interest in MIS Technology Consultants to the Company

Pursuant to the share transfer agreement dated 17 May 2017, Pangaea transferred 100 shares in MIS Technology Consultants to the Company for a nominal cash consideration of HK$3.00. Upon completion of such transfer, MIS Technology Consultants became a wholly-owned subsidiary of the Company.

Step 4 Transfer of interest in Pangaea to the Company

Pursuant to a share swap agreement dated 23 May 2017, each of Mr. Andy Yeung and Mr. Andrew Tam transferred 450 shares and 550 shares in Pangaea, representing 45% and 55% of the entire issued share capital of Pangaea, respectively, to the Company, for a

1. CORPORATE INFORMATION AND BASIS OF PRESENTATION - Continued

(b) Reorganisation - Continued

consideration which was satisfied by the issue and allotment of 405 Shares of the Company to Eight Dimensions at the direction of Mr. Andy Yeung and 495 Shares of the Company to Garage Investment at the direction of Mr. Andrew Tam, all credited as fully-paid. Immediately after completion of the transfer, Pangaea became a wholly-owned subsidiary of the Company.

(c) Basis of presentation

Prior to the incorporation of the Company and the completion of the Reorganisation as described above, the Listing Business was carried on by Pangaea and its subsidiaries (hereinafter collectively referred to as the "Operating Companies").

Immediately prior to and after the Reorganisation, the Listing Business is held by the Operating Companies. Pursuant to the Reorganisation, the Listing Business is transferred to and held by the Company. The Company and MISG Investment have not been involved in any other business prior to the Reorganisation. The share transfers or swap have no substance and do not form a business combination. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain the same. Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Listing Business and, for the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of the companies now comprising the Group, with the assets and liabilities of the Group recognised and measured at the carrying amounts of the Listing Business under the consolidated financial statements of the companies now comprising the Group for all periods presented.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 March 2016 and 2017 and four months ended 31 July 2017 have been prepared using the historical financial information of the companies now comprising the Group as if the group structure under the Reorganisation had been in existence throughout the Relevant Periods. The consolidated statements of financial position of the Group as at 31 March 2016 and 2017 have been prepared to present the assets and liabilities of the companies now comprising the Group at these dates, as if the group structure under the Reorganisation had been in existence as at these dates. All significant intra-group transactions and balances amongst the companies now comprising the Group have been eliminated on combination.

The Historical Financial Information is presented in HK$, which is also the functional currency of the Company, and all values are rounded to the nearest thousands, except when otherwise indicated. Each entity in the Group maintains its books and records in its own functional currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Historical Financial Information set out in this report has been prepared in accordance with the accounting policies below, which conform with HKFRSs effective for the accounting period commencing from 1 April 2017 issued by the HKICPA and also complies with the applicable disclosure provisions of the GEM Listing Rules throughout the Relevant Periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of preparation - Continued

The Historical Financial Information has been prepared under the historical cost basis.

Application of new and revised HKFRSs

For the purpose of preparing the Historical Financial Information, the Group has adopted all the new and revised HKFRSs consistently throughout the Relevant Periods except for the following new or revised HKFRSs that have been issued, potentially relevant to the Group's operations, but are not yet effective:

Amendments to HKAS 40	Transfers of investment property[1]
Amendments to HKFRS 10 and HKAS 28	Sale of contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to HKFRS 4	Insurance contracts[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014-2016 cycle[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
HKFRS 16	Lease[2]
HK (IFRIC) - Interpretation 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC) - Interpretation 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

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

HKFRS 9 - Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at FVTOCI if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Application of new and revised HKFRSs - Continued

HKFRS 9 - Financial Instruments - Continued

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The directors of the Company consider that the adoption of HKFRS 9 in future will not have a significant impact on the Group's financial performance and position, but in general the new impairment requirements will result in earlier recognition of credit losses of the Group's trade and other receivables. The expected credit loss model under HKFRS 9 requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. Therefore, it is no longer necessary for a credit event to have occurred before credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition considering all reasonable and supportable information, including that which is forward-looking.

In the opinion of the directors of the Company, based on the historical experience of the Group, the default rate of the outstanding balances with customers and other debtors is low. Hence, the directors of the Company anticipate that application of the new impairment requirements under HKFRS 9 would not have material impact on the Group's future financial statements. The above assessments were made based on currently available information and may be subject to changes arising from further reasonable and supportable information being subsequently made available to the Group when the Group adopts HKFRS 9 on the effective date of 1 April 2018.

HKFRS 15 - Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

1. Identify the contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Application of new and revised HKFRSs - Continued

HKFRS 15 - Revenue from Contracts with Customers - Continued

The Group has performed a review of the current contractual arrangements with its customers, and the directors of the Company do not anticipate that the adoption of HKFRS 15 will have a significant impact on the Group's future financial performance and position, but more extensive disclosures on the Group's revenue transactions are required, except for the adoption of input method. The directors of the Company consider that the adoption of input method under HKFRS 15 would result an earlier recognition of both revenue and costs for the uninstalled materials procured but at a zero margin basis. However, the assessment is subject to changes arising from ongoing analysis on the Group's contracts that are not completed as at the effective date of HKFRS 15 on 1 April 2018.

Amendments HKFRS 15 - Revenue from Contracts with customers (Clarification to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

HKFRS 16 Lease

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As set out in Note 23 below, the total future minimum lease payments under non-cancellable operating leases of the Group in respect of office premises as at 31 March 2017 and 31 July 2017 amounted to approximately HK$824,000 and HK$1,475,000. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's financial performance but it is expected that the Group has to separately recognise the interest expense on the lease liabilities and the depreciation expense on the right-of-use assets, and that certain portion of the future minimum lease payments under the Group's operating leases will be required to be recognised in the Group's consolidated statement of financial position as right-of-use assets and lease liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Application of new and revised HKFRSs - Continued

HKFRS 16 Lease - Continued

The Group will also be required to remeasure the lease liabilities upon the occurrence of certain events (e.g. a change in the lease term) and recognise the amount of the remeasurement of the lease liabilities as an adjustment to the right-of-use assets. In addition, payments for the principal portion of the lease liabilities will be presented within financing activities in the Group's consolidated cash flow statement.

HK (IFRIC) - Interpretation 22 –Foreign Currency Transactions and Advance Consideration

The interpretation specifies that the date of a transaction for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income (or part of it) when the related consideration was paid or received in advance is the date the advance consideration was initially recognised.

In other words, on initial recognition of the related income, expense or asset, the consideration paid or received in advance should not be re-measured for changes in exchange rates occurring between the date of initial recognition of the advance consideration and the date of recognition of the transaction to which that consideration relates.

The interpretation will not have material impact on the financial performance or position of the Group.

HK (IFRIC) - Interpretation 23 - Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in HKAS 12 Income Taxes when there is uncertainty over income tax treatments, addressing four specific issues:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity should make about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances

The interpretation will not have material impact on the financial performance or position of the Group.

Significant accounting policies

2.1 Business combination and basis of consolidation

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Significant accounting policies - Continued

2.1 Business combination and basis of consolidation - Continued

made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

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

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

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

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

2.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (1) power over the investee; (2) exposure, or rights, to variable returns from the investee; and (3) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

2.3 Property, plant and equipment

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Significant accounting policies - Continued

2.3 Property, plant and equipment - Continued

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

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

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

Leasehold improvements	33.33%
Office equipment	20%
Motor vehicles	20-25%

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the terms of the relevant leases.

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

2.4 Financial instruments

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

(i) Financial assets

The Group's financial assets are mainly classified as 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.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), and also incorporate other types of contractual monetary assets. Loans and receivables are initially recognised at fair value plus directly attributable transaction costs that are directly attributable to the acquisition of the financial assets. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Significant accounting policies - Continued

2.4 Financial instruments - Continued

(ii) Impairment loss on financial assets

The Group assesses, at the end of each of the Relevant Periods, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (as incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Objective evidence of impairment may include:

- significant financial difficulty of the debtor or the group of debtors;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtors' financial difficulty; or
- it becoming probable that the debtor or the group of debtors will enter bankruptcy or other financial reorganisation.

For certain categories of financial assets such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. 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 general credit period, observable changes in national or local economic conditions that correlate with default on receivables.

The amount of 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 original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined to be uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iii) Financial liabilities

Financial liabilities include trade and other payables, amounts due to directors and related parties. They are initially recognised at fair value, net of directly attributable transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method. The related interest expense is recognised in profit or loss. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Significant accounting policies - Continued

2.4 Financial instruments - Continued

(iv) Effective interest method

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

(v) Equity instruments

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

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ''pass-through'' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(vii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Significant accounting policies - Continued

2.5 Leasing

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 total rentals payable under operating leases are charged to the profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

2.6 Employee benefits

(i) Defined contribution retirement plan

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are recognised as an expense in profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary operating in the PRC are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentage of their payroll costs to the central pension scheme.

(ii) Short-term employee benefits

Short-term employee benefits are recognised when they accrue to employees. In particular, a provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period. Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

(iii) Termination benefits

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

2.7 Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts for variation orders, claims and incentive payments to the extent that it is probable that they will result in revenue, and they are capable of being reliably measured. Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Significant accounting policies - Continued

2.7 Construction contracts - Continued

comprise site labour costs (including site supervision); costs of subcontracting; costs of materials used in construction; depreciation of equipment used on the contract; costs of design, and technical assistance that is directly related to the contract.

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 Relevant Periods.

The outcome of a construction contract can be estimated reliably when: (i) the total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates. When the outcome of a construction cannot be estimated reliably, contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

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 amount due to contract customers.

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

2.8 Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Significant accounting policies - Continued

2.9 Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(i) Income from integrated LED lighting solution projects is recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the associated contract costs of the contracting work can be measured reliably. The stage of completion of a contract is established by reference to the proportion that contract costs incurred for work performed to date to the estimated total contract costs (Note 2.7).

(ii) Consultancy service income and maintenance service income is recognised upon services rendered;

(iii) Sale of goods is recognised when the goods are delivered and the risks and rewards of ownership have passed to the customer; and

(iv) Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

2.10 Income taxes

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

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of each of the Relevant Periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of each of the Relevant Periods.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

2.11 Provisions and contingent liabilities

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Significant accounting policies - Continued

2.11 Provisions and contingent liabilities - Continued

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

Provision for warranty costs is made on an accrual basis by reference to the directors' best estimate of the expenditure required to settle the obligations taking account of the Group's recent claim history, and is charged to the income statement in the period in which the related sales are made. Subsequent expenditure on the settlement of such obligations is charged against the provision made, except where the expenditure exceeds the balance of the provision, in which case, it is charged to the income statement as incurred.

2.12 Impairment of non-financial assets

At the end of each of the Relevant Periods, the Group reviews the carrying amounts of assets (other than inventories and financial assets) to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset 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 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 in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Value in use is based on the estimated future cash flows expected to be derived from the asset, 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 cash generating unit.

2.13 Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Significant accounting policies - Continued

2.14 Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

(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 Group's parent.

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

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

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

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

2.15 Inventories

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Significant accounting policies - Continued

2.16 Research and development costs

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is recognised in profit or loss and included in cost of sales.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Historical Financial Information of the Group requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of each of the Relevant Periods. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the Historical Financial Information was prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Construction contract revenue recognition

Recognised amount of construction contract revenue and related receivables reflect management's best estimate of each contract's outcome and stage of completion, which are determined on the basis of a number of estimates. This includes the assessment of the profitability of on-going construction contracts. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty. The actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of each of the Relevant Periods, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY - Continued

Estimates and assumptions - Continued

(ii) Impairment of trade and other receivables

The Group estimates impairment losses of trade and other receivables resulting from the inability of the customers and other debtors to make the required payments in accordance with accounting policy stated in Note 2.4(ii). The Group bases the estimates on the ageing of the receivable balances, debtors' creditworthiness and historical write-off experience. If the financial conditions of the customers and debtors were to deteriorate, actual write-offs would be higher than estimated.

(iii) Income tax and deferred taxation

Significant judgement is required in determining whether or not the Group is subject to income taxes in the jurisdictions it operates. Transactions and calculations may exist for which the ultimate tax determination is uncertain during the ordinary course of business. The Group has recognised income tax and deferred liabilities at the end of each of the Relevant Periods based on its best estimate. Where the final income tax liabilities as determined by the tax authorities are different from the estimate, such differences in income taxes or deferred tax, if any, will need to be recognised in the period in which the determination is made.

(iv) Warranty provisions

As disclose in Note 20(c), the Group makes provision for warrants for its Integrated LED lighting solution services taking into account the Group's recent claim history. As the Group is continually improving the product quality, it is possible that the recent claim history is not indicative of the extent of future claims the Group will need to settle in respect of past sales. Any increase or decrease in provision would affect the profit or loss of the Group in future years.

4. SEGMENT INFORMATION

Operating segments

During the Relevant Periods, the Group was principally engaged in sale of LED lighting fixtures and visual-audio system, provision of integrated LED lighting solution services, project consultancy and LED lighting system maintenance services. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole. The Group's resources are integrated and as a result, no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

4. SEGMENT INFORMATION - Continued

Geographical information

The following table sets out the information about the geographical location of the Group's revenue from external customers and non-current assets other than financial instruments ("Specified non-current assets").

The Group comprises the following major geographical segments:

	Revenue from external customers by customers' location			
	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
Hong Kong (place of domicile)	16,168	33,280	7,623	1,685
Asia (excluding Hong Kong and the PRC)	24,833	22,953	8,798	8,105
The PRC	42	8,799	3	6,959
Europe	157	1,584	-	122
Others	926	827	181	1,644
	25,958	34,163	8,982	16,830
	42,126	67,443	16,605	18,515

	Specified non-current assets by assets' location		
	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	HK$'000	HK$'000
Hong Kong (place of domicile)	828	568	583
The PRC	-	15	21
	828	583	604

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the Relevant Periods is as follows:

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
Customer D	4,521	*	3,609	*
Customer B	*	7,753	1,661	*
Customer E	*	*	*	2,866
Customer I	*	*	2,066	2,097

* Less than 10% of the Group's revenue

The revenue attributed from above major customers was derived from a single operating segment of the Group.

5. REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES

Revenue includes the net invoiced value of goods sold, project consultancy and maintenance services rendered and contract revenue on LED lighting solution projects earned by the Group. The amounts of each significant category of revenue recognised during the Relevant Periods are as follows:

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
Revenue				
Sale of LED lighting fixtures	23,345	51,037	10,914	18,257
Integrated LED lighting solution services	12,836	10,583	4,194	-
LED lighting system consultation and maintenance services	1,970	1,388	472	258
Sale of visual-audio systems	3,975	4,435	1,025	-
	42,126	67,443	16,605	18,515

An analysis of the Group's other income and other gains and losses recognised during the Relevant Periods are as follows:

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
Other income				
Bank interest income	-	1	-	2
Sundry income	20	15	4	8
Sale of components	55	342	199	-
	75	358	203	10
Other gains and losses				
Reversal of impairment on trade receivables	120	-	-	18
Exchange gain/(loss), net	75	398	(1)	4
Gain on disposal of property, plant and equipment	-	1,050	-	-
	195	1,448	(1)	22

6. FINANCE COSTS

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
Interest on bank borrowing	-	-	-	32

7. PROFIT/(LOSS) BEFORE INCOME TAX

The Group's profit/(loss) before income tax expense is arrived at after charging:

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
Costs of inventories recognised as expenses	12,917	22,923	4,147	7,753
Auditor's remuneration	138	300	-	18
Depreciation (Note 13)	889	300	114	116
Operating lease rentals in respect of:				
- Land and buildings	1,573	1,692	529	548
- Plant and equipment	32	32	11	11
Provision of impairment on trade receivables, net	379	133	133	83
Employee benefit expenses (Note 8)	13,412	14,985	4,373	4,544
Listing expenses	-	4,123	-	6,352

8. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' REMUNERATION

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
Wages and salaries	12,826	14,330	4,173	4,193
Post-employment benefits - payment to defined contribution retirement plan	409	432	137	179
Other benefits	177	223	63	172
	13,412	14,985	4,373	4,544

Employee benefit expenses included amounts of HK$1,018,000, HK$1,018,000, HK$314,000 and HK$314,000 charged to profit or loss as research and development expenditure for the year ended 31 March 2016 and 2017 and for the four months ended 31 July 2016 and 2017 respectively.

9. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(i) Directors' remuneration

Details of the directors' remuneration paid or payable for each of the Relevant Periods by the entities comprising the Group to those directors of subsidiaries who were appointed as directors of the Company on 15 February 2017 are as follows:

	Fees	Basic salaries, allowance and other benefits	Contribution to defined contribution retirement plan	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Four months ended 31 July 2017				
Executive directors:				
Mr. Andrew Tam	-	510	6	516
Mr. Andy Yeung	-	578	6	584
	-	1,088	12	1,100

	Fees	Basic salaries, allowance and other benefits	Contribution to defined contribution retirement plan	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Four months ended 31 July 2016 (unaudited)				
Executive directors:				
Mr. Andrew Tam	-	510	6	516
Mr. Andy Yeung	-	578	6	584
	-	1,088	12	1,100

	Fees	Basic salaries, allowance and other benefits	Contribution to defined contribution retirement plan	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2017				
Executive directors:				
Mr. Andrew Tam	-	1,659	18	1,677
Mr. Andy Yeung	-	1,880	18	1,898
	-	3,539	36	3,575

9. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS - Continued

(i) Directors' remuneration - Continued

	Fees	Basic salaries, allowance and other benefits	Contribution to defined contribution retirement plan	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2016				
Executive directors:				
Mr. Andrew Tam	-	1,659	18	1,677
Mr. Andy Yeung	-	1,880	18	1,898
	-	3,539	36	3,575

Basic salaries, allowance and other benefits paid or payable to the executive directors are generally emoluments paid or payable in connection with the management of the affairs of the Group.

Subsequent to the end of the Relevant Periods, Mr. Chu Yin Kam, Mr. Ha Yiu Wing and Dr. Wilson Lee were appointed as independent non-executive directors of the Company on 22 December 2017. There were no fees or other emoluments payable to the independent non-executive directors during the Relevant Periods.

During the Relevant Periods, none of the directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

(ii) Five highest paid individuals

The five highest paid individuals of the Group for each of the years ended 31 March 2016 and 2017, and four months ended 31 July 2016 and 2017 included 2 directors whose emoluments are set out in the analysis above. The remuneration of the remaining three non director highest paid individuals is as follows:

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
Basic salaries, bonuses and other allowances	3,114	2,498	570	463
Post-employment benefits - Contribution to defined contribution retirement plan	48	51	18	18
	3,162	2,549	588	481

9. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS - Continued

(ii) Five highest paid individuals - Continued

Their remuneration fell within the following bands:

	No. of employees			
	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
			(Unaudited)	
Nil to HK$1,000,000	1	2	3	3
HK$1,000,001 to HK$1,500,000	2	1	-	-

During the Relevant Periods, none of the non director highest paid individuals waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the non director highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

(iii) Senior management's emoluments excluding the directors

The emoluments paid or payable to senior management (excluding the directors) are within the following bands:

	No. of employees			
	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
			(Unaudited)	
Nil to HK$1,000,000	1	2	1	2

The emoluments of the senior management are not included in the remuneration of the three non director highest paid individuals set out in Note 9 (ii) above.

10. INCOME TAX EXPENSE

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

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
Current tax - Hong Kong profits tax				
- current year	1,339	3,341	945	267
- over-provision in respect of prior years	-	(11)	-	-
	1,339	3,330	945	267
Current tax - overseas profits tax				
- current year	-	1,106	-	865
	-	1,106	-	865
Deferred tax credit (Note 14)	(72)	(8)	(11)	(11)
Income tax expense	1,267	4,428	934	1,121
Effective tax rate	16.4%	21.2%	15.5%	(47.7%)

10. INCOME TAX EXPENSE - Continued

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits during the Relevant Periods.

The PRC subsidiary is subject to PRC Enterprise Income Tax at 25% during the Relevant Periods.

The income tax expense for the Relevant Periods can be reconciled to the profit/(loss) before income tax expense per the consolidated statements of comprehensive income as follows:

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
Profit/(loss) before income tax expense	7,741	20,855	6,028	(2,348)
Tax calculated at the applicable statutory tax rate of 16.5%	1,277	3,441	995	(387)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	-	376	-	364
Tax effect of income not subject to tax	-	(173)	-	-
Tax effect of expense not deductible for tax purpose	7	843	3	1,066
Temporary differences not recognised	48	-	(1)	(24)
Tax effect of tax loss not recognised	-	24	-	142
Tax concession	(100)	(80)	(60)	(40)
Over-provision in respect of prior years	-	(11)	-	-
Others	35	8	(3)	-
Income tax expense at the effective tax rate	1,267	4,428	934	1,121

11. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation.

Dividends in aggregation of approximately HK$1,571,000 paid during the year ended 31 March 2016 represented interim dividends of approximately HK$503,000, HK$708,000 and HK$360,000 declared and paid by the group entities, IMS 512, MIS Technology Project and MIS Technology Consultants respectively to their then shareholders before the Reorganisation.

On 26 January 2017, an interim dividend of HK$20,000 per ordinary share and in aggregation of HK$20,000,000 was declared by Pangaea to its then shareholders.

12. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and preparation of results on a consolidated basis for the Relevant Periods as described in Note 1 above.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Office equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Cost				
At 1 April 2015	1,374	372	3,507	5,253
Additions	-	27	-	27
Disposals	-	-	(226)	(226)
At 31 March 2016	1,374	399	3,281	5,054
Additions	-	55	-	55
Disposals	-	-	(2,067)	(2,067)
Exchange realignment	-	-[(1)]	-	-[(1)]
At 31 March 2017	1,374	454	1,214	3,042
Additions	-	137	-	137
Exchange realignment	-	-	-	-
At 31 July 2017	1,374	591	1,214	3,179
Accumulated depreciation				
At 1 April 2015	1,141	205	2,217	3,563
Provided for the year	233	72	584	889
Eliminated on disposal	-	-	(226)	(226)
At 31 March 2016	1,374	277	2,575	4,226
Provided for the year	-	61	239	300
Eliminated on disposal	-	-	(2,067)	(2,067)
Exchange realignment	-	-[(1)]	-	-[(1)]
At 31 March 2017	1,374	338	747	2,459
Provided for the year	-	23	93	116
Exchange realignment	-	-[(1)]	-	-[(1)]
At 31 July 2017	1,374	361	840	2,575
Net book value				
At 31 July 2017	-	230	374	604
At 31 March 2017	-	116	467	583
At 31 March 2016	-	122	706	828

(1) Represents amount less than HK$1,000.

14. DEFERRED TAX LIABILITIES

Details of the deferred tax liabilities recognised and movements during the Relevant Periods are as follows:

	Accelerated depreciation allowances
	HK$'000
At 1 April 2015	(115)
Credited to profit or loss for the year (Note 10)	72
At 31 March 2016	(43)
Credited to profit or loss for the year (Note 10)	8
At 31 March 2017	(35)
Credited to profit or loss for the year (Note 10)	11
At 31 July 2017	(24)

Certain subsidiaries of the Group had estimated tax losses arising in Hong Kong amounting to approximately HK$ Nil, HK$147,000 and HK$1,010,000 as at 31 March 2016, 31 March 2017 and 31 July 2017, respectively, that are available indefinitely for offsetting against their future taxable profits of those companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised. Tax losses can be carried forward indefinitely.

15. AMOUNTS DUE TO CUSTOMERS FOR CONTRACT WORK

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	HK$'000	HK$'000
Contracts in progress at the end of reporting periods:			
Contract costs incurred	527	-	-
Recognised profits less recognised losses	1,614	-	-
	2,141	-	-
Less: progress billings	(2,746)	-	-
	(605)	-	-
Represented by:			
Amounts due from customers for contract work	-	-	-
Amounts due to customers for contract work	605	-	-
	605	-	-

16. INVENTORIES

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	HK$'000	HK$'000
Finished goods	-	573	1,069

17. TRADE AND OTHER RECEIVABLES

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	HK$'000	HK$'000
Trade receivables (note (a))	11,236	15,499	13,801
Other receivables (note (b))	31	64	168
Prepayments and deposits (note (b))	493	2,102	4,683
Total	11,760	17,665	18,652
Less: Non-current portion			
Deposits paid for leasehold improvement (note (b))	-	-	(260)
Current Portion	11,760	17,665	18,392

(a)

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	HK$'000	HK$'000
Trade receivables	14,278	18,674	17,059
Less: provision for impairment on trade receivables	(3,042)	(3,175)	(3,258)
	11,236	15,499	13,801

Trade receivables are non-interest bearing. The Group does not hold any collateral or other credit enhancements over these balances.

Customers are generally granted a credit period between 0 and 30 days. Applications for progress payments on projects are made on a regular basis.

The following is an analysis of trade receivables by age based on the invoice date:

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	HK$'000	HK$'000
Less than 1 month	2,162	11,154	4,224
1 to 3 months	1,537	1,905	1,546
3 months to 6 months	1,523	253	6,369
More than 6 months but less than one year	1,521	1,044	137
More than one year	4,493	1,143	1,525
	11,236	15,499	13,801

17. TRADE AND OTHER RECEIVABLES - Continued

(a) - Continued

Movements in provision for impairment of trade receivables are as follows:

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	HK$'000	HK$'000
At beginning of the year	2,663	3,042	3,175
Impairment losses recognised	499	133	101
Recovery of impairment loss previously recognised	(120)	-	(18)
At the end of the year	3,042	3,175	3,258

At the end of each of the Relevant Periods, the Group reviews receivables for evidence of impairment on both an individual and collective basis. The above impairment of trade receivables of approximately HK$3,042,000, HK$3,175,000 and HK$3,258,000 was made for individually impaired trade receivables with an aggregate carrying amount of approximately HK$4,219,000, HK$4,178,000 and HK$3,908,000 as at 31 March 2016 and 2017 and 31 July 2017 respectively. These individually impaired trade receivables include customers who have ceased business relationship with the Group and could no longer be contacted by the Group.

The ageing of trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	HK$'000	HK$'000
Not past due	-	-	1,207
Less than 1 month past due	2,127	10,352	2,994
1 to 3 months past due	986	1,812	1,413
More than 3 months past due but less than 12 months past due	2,623	1,205	6,154
More than one year past due	4,323	1,127	1,383
	10,059	14,496	13,151

Trade receivables that were neither past due nor impaired relate to customers for whom there is no recent history of default.

Trade receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience, management is of the opinion that no provision for impairment is necessary in respect of these receivables as there has not been a significant change in credit quality and the credit risk is minimal.

(b) The above balances of other receivables, prepayments and deposits as at 31 March 2016, 2017 and 31 July 2017 were neither past due nor impaired. Financial assets included in these balances are non-interest bearing and relate to receivables for which there was no recent history of default.

18. AMOUNTS DUE TO DIRECTORS

An analysis of the amounts due to directors is as follows:

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	HK$'000	HK$'000
Mr. Andrew Tam	3,559	-	-
Mr. Andy Yeung	941	-	-
	4,500	-	-

The amounts due to directors were unsecured, interest-free and had no fixed terms of repayment.

19. CASH AND CASH EQUIVALENTS

Cash and bank balances comprise cash at banks and cash on hand held by the Group. Bank balances earn interests at floating rates based on daily bank deposit rates and are deposited with creditworthy banks with no recent history of default.

Bank balances and cash included an amount of approximately HK$Nil, HK$2,111,000, HK$1,731,000 denominated in Renminbi and deposited in PRC for the years ended 31 March 2016 and 2017 and four months ended 31 July 2017 respectively. Renminbi is not a freely convertible currency in the international market. The conversion of Renminbi into foreign currency and remittance of Renminbi out of the PRC are subject to the rules and regulations of exchange controls promulgated by the PRC authorities.

20. TRADE AND OTHER PAYABLES

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	HK$'000	HK$'000
Trade payables (note (a))	7,090	11,424	6,550
Other payables:			
Receipts in advance (note (b))	387	1,204	1,955
Provision of warranties (note (c))	399	451	389
Other payables and accruals (note (d))	1,113	3,574	6,510
Total	8,989	16,653	15,404
Less: Non-current portion			
Provision of warranties (note (c))	(193)	(215)	(194)
Total current portion	8,796	16,438	15,210

20. TRADE AND OTHER PAYABLES - Continued

(a) An ageing analysis of trade payables as at the end of each of the Relevant Periods, based on invoice date is as follows:

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	HK$'000	HK$'000
Current or less than 1 month	1,158	5,171	2,653
1 to 3 months	798	593	270
4 to 6 months	1,044	967	2,141
7 to 12 months	1,858	1,245	139
More than 1 year	2,232	3,448	1,347
	7,090	11,424	6,550

The Group's trade payables are non-interest bearing. The credit period granted by suppliers is generally between 0 and 30 days.

(b) Receipts in advance represent trade deposits received from the customers in connection with the contract works and sales. Receipts in advance are expected to be recognised as revenue of the Group within one year from the reporting date.

(c) Provision for warranties

Provision for warranties for Integrated LED lighting solution services provided are as follows:

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	HK$'000	HK$'000
At the beginning of the year	424	399	451
Provision for the year	200	245	-
Less: Reversal of unused amount	(56)	(174)	(31)
Amount charged to the profit or loss for the year	144	71	(31)
Less: Amount utilised	(169)	(19)	(31)
At the end of the year	399	451	389
Categories as:			
Non-current liabilities	193	215	194
Current liabilities	206	236	195
	399	451	389

(d) Other payables and accruals are non-interest bearing and have average payment terms between one and three months.

21. BANK BORROWING

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	HK$'000	HK$'000
Secured interest bearing bank loan:			
Repayable within one year	-	-	943
Repayable after one year but settled before the reporting date	-	-	751
	-	-	1,694
Analysed based on scheduled repayment terms set out in the loan agreement, into:			
Not later than one year	-	-	943
Later than one year and not later than two years	-	-	751
	-	-	1,694

On 6 April 2017, the Group obtained a bank loan of HK$1,920,000 which was secured by the unlimited personal guarantees executed by the executive directors, Mr. Andrew Lam and Mr. Andy Yeung, and repayable within two years. The bank loan bore interest at 3.6% per annum. The balance of the bank loan was fully settled on 18 September 2017.

22. DEFERRED INCOME

The deferred revenue is in respect of the Group's maintenance services income:

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	HK$'000	HK$'000
Deferred income	356	176	326
Less: Non-current portion	(63)	(39)	(133)
Current portion	293	137	193

23. LEASES

The Group leased its premises of principal place of business and office equipment under operating lease arrangement which are negotiated for terms between two and five years.

The total future minimum lease payments under non-cancellable operating leases are due as follows:

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	HK$'000	HK$'000
Not later than one year	1,594	806	856
Later than one year and not later than five years	723	18	619
	2,317	824	1,475

24. SHARE CAPITAL

	Notes	Number of ordinary shares	Amount
			HK$
Authorised:			
Ordinary shares of HK$0.001 each			
At 15 February 2017 (date of incorporation), and 31 March 2017 and 31 July 2017	(i)	380,000,000	380,000
Issued and fully paid:			
Ordinary shares of HK$0.001 each			
At 15 February 2017 (date of incorporation), and 31 March 2017	(i)	100	-
Issue of shares upon Reorganisation	(ii)	900	1
At 31 July 2017		1,000	1

(i) The Company was incorporated in the Cayman Islands on 15 February 2017 with an authorised share capital of HK$380,000 divided into 380,000,000 ordinary shares of HK$0.001 each. Upon incorporation, 1 ordinary share of HK$0.001 each was allotted and issued to the initial subscriber at HK$0.001, which was transferred to Garage Investment on the same day, at par value. On the same day, 54 ordinary shares were issued and allotted to Garage Investment and 45 ordinary shares were issued and allotted to Eight Dimensions. Further details on the Company's share capital are set out in the sub-paragraph headed "Changes in Share Capital of our Company" in Appendix IV to the Prospectus.

(ii) On 23 May 2017, 495 ordinary shares of the Company were issued and allotted to Garage Investment and 405 ordinary shares of the Company were issued and allotted to Eight Dimensions, all credited as fully paid, as consideration for the acquisition of the entire issued share capital of Pangaea. Immediately upon completion of Reorganisation, Pangaea became a wholly-owned subsidiary of the Company.

25. RESERVES

The amounts of the Group's reserves and the movements therein for each of the Relevant Periods are presented in the consolidated statements of changes in equity of this report.

The nature and purpose of reserves within equity are as follows:

i) Merger reserve

It represents the difference between the Company's investment costs in subsidiaries and the aggregated share capital of the subsidiaries whose shares were transferred to the Company pursuant the Reorganisation.

ii) Exchange reserve

It comprises all foreign exchange differences arising from the translation of the financial statements of foreign operation.

25. RESERVES - Continued

iii) Statutory surplus reserve

In accordance with the relevant regulation in PRC, a subsidiary operating in the PRC is required to transfer 10% of its profits after tax, as determined under the accounting regulations in the PRC, to the statutory surplus reserve, until the balance of the fund reaches 50% of its respective registered capital. The statutory surplus reserve is non-distributable, and is subject to certain restrictions set out in the relevant regulations in the PRC. This reserve can be used either to offset against accumulated losses or be capitalised as paid-up capital. However, such balance of the statutory surplus reserve must be maintained at a minimum of 25% of paid-up capital after the above usages.

iv) Retained profits

It represents cumulative net profits recognised in the consolidated statements of profit or loss and other comprehensive income.

Movements in the Company's reserves during the Relevant Periods are as follows:

	Contributed surplus (Note)	Retained profits	Total
	HK$'000	HK$'000	HK$'000
As at 15 February 2017 (Date of incorporation)	-	-	-
Profit for the period	-	-	-
As at 31 March 2017	-	-	-
Profit for the period	-	-	-
Issue of shares upon Reorganisation (Note 24(ii))	10,419	-	10,419
As at 31 July 2017	10,419	-	10,419

Note: Contributed surplus of approximately HK$10,419,000 represents the excess of the then carrying amount of the Company's share of equity value of a subsidiary, Pangaea, acquired and the nominal value of the Company's shares issued for such acquisition.

26. RELATED PARTY TRANSACTIONS

During the Relevant Periods, the Group does not have any significant transactions with its related parties or transactions which constituted connected transactions as defined in Chapter 20 of the GEM Listing Rules.

The key management personnel of the Group are the directors of the Company. Details of the remuneration paid to them during the Relevant Periods are set out in Note 9 to the Historical Financial Information.

27. FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks which comprise credit risk, liquidity risk, interest rate risk and currency risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

27. FINANCIAL RISK MANAGEMENT - Continued

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. As the directors consider that the Group's exposure to financial risk is kept at a minimum level, the Group does not hold or issue derivative financial instruments either for hedging or trading purposes.

(a) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities and primarily in connection with trade receivables and other receivables and deposits with banks.

The credit risk of the Group's trade and receivables are concentrated, as 5.3%, 23.0% and 0.1% of such receivables were derived from the largest customer and 49.0%, 56.1% and 27.9% were derived from five largest customers as at 31 March 2016, 2017 and 31 July 2017, respectively. Management considered the credit risk is limited since the Group trades only with customers with an appropriate credit history and good reputation. Management regularly monitored the financial background and creditability of the Group's customers .

Credit risk on other receivables is minimal as the Group performs ongoing credit evaluation on the financial condition of its debtors and tightly monitors the ageing of the receivable balances. Follow up action is taken in case of overdue balances. In addition, management reviews the recoverable amount of the receivables individually and collectively at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. The credit policies have been followed by the Group during the Relevant Periods and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level. None of the Group's financial assets are secured by collateral or other credit enhancements.

The Group's major bank balances are deposited with banks with good reputation and with high credit-ratings assigned by international credit-rating agencies. Hence management does not expect any losses to arise from non-performance of these banks.

(b) Liquidity risk

In the management of liquidity risk, the Group's policy is to regularly monitor its liquidity requirements in order to maintain sufficient reserve of cash and adequate committed lines of funding from major banks, if necessary, to meet its liquidity requirements in the short and long term. The liquidity policies have been followed by the Group during the Relevant Periods and are considered to have been effective in managing liquidity risk.

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 loan settled before the reporting date is included in the band of less than 3 months regardless of the scheduled repayment dates set out in the loan agreement. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rates at the end of the reporting period.

27. FINANCIAL RISK MANAGEMENT - Continued

(b) Liquidity risk - Continued

	On demand	Less than 3 months	3 to 12 months	Over 1 year but less than 2 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 July 2017					
Trade and other payables	13,449	-	-	-	13,449
Bank borrowings	-	1,713	-	-	1,713
Dividend payable	20,000	-	-	-	20,000
	33,449	1,713	-	-	35,162
At 31 March 2017					
Trade and other payables	15,449	-	-	-	15,449
Dividend payable	20,000	-	-	-	20,000
	35,449	-	-	-	35,449
At 31 March 2016					
Trade and other payables	8,602	-	-	-	8,602
Amounts due to directors	4,500	-	-	-	4,500
	13,102	-	-	-	13,102

(c) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Group currently does not have a policy on cash flow hedges of interest rate risk. However, management monitors interest rate exposure and will consider hedging significant interest rate risk should a need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank balances. The analysis is prepared assuming that the amount of assets and liabilities outstanding at the end of each of the reporting period were outstanding for the whole year. 25 basis points increase or decrease represent management's assessment of the reasonably possible change in interest rates of bank balances.

If interest rates on bank balances had been 25 basis points higher/lower and all other variables were held constant, the potential effect on the Group's post-tax profit or loss for the years ended 31 March 2016, 2017 and the four months ended 31 July 2017 is as follows:

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	HK$'000	HK$'000
Increase/(decrease) in profit for the year/period			
- as a result of increase in interest rate	-	5	6
- as a result of decrease in interest rate	-	(5)	(6)

27. FINANCIAL RISK MANAGEMENT - Continued

(d) Currency risk

The Group currently does not have a hedging policy to mitigate its exposure to foreign exchange risk. The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the group entity concerned.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the each of the Relevant Periods to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. The Group is mainly exposed to the fluctuation of United States dollars ("US$") and Renminbi ("RMB"). For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of each of the Relevant Periods as follows:

	US$	RMB
	HK$'000	HK$'000
As at 31 July 2017		
Cash and bank balances	-	1,731
Trade and other receivables	40	7,754
Trade and other payables	(58)	(5,690)
	(18)	3,795
As at 31 March 2017		
Cash and bank balances	-	2,111
Trade and other receivables	100	6,292
Trade and other payables	(97)	(8,895)
	3	(492)
As at 31 March 2016		
Trade and other receivables	693	-
Trade and other payables	(46)	(18)
	647	(18)

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit or loss after tax (and retained earnings) and other components of consolidated equity in response to reasonably changes in foreign exchange rates to which the Group has significant exposure at the end of each of the Relevant Periods.

	Increase in foreign exchange rates	Increase in loss after tax and decrease in retained profits
	%	HK$'000
As at 31 July 2017		
RMB	3	114

27. FINANCIAL RISK MANAGEMENT - Continued

(d) Currency risk - Continued

(ii) Sensitivity analysis - Continued

	Increase in foreign exchange rates	Increase in profit after tax and retained profits
As at 31 March 2017		
RMB	6	30
As at 31 March 2016		
RMB	3	1

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of each of the Relevant Periods and had been applied to each of the group entities' exposure to currency risk for non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next reporting date. In this respect, it is assumed that the pegged rate between the HK$ and the US$ would be materially unaffected by any changes in movement in value of the US$ against HK$. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group entities profit after tax and equity measured in the respective functional currencies, translated into HK$ at the exchange rate ruling at the end of the each of the reporting period for presentation purposes.

(e) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. No changes in the objectives, policies or processes were made during the Relevant Periods.

The capital structure of the Group consists of equity attributable to equity holders of the Company only, comprising share capital and reserves.

The Group monitors capital risk using gearing ratio, which is interest-bearing debts divided by the total equity.

27. FINANCIAL RISK MANAGEMENT - Continued

(e) Capital risk management - Continued

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	HK$'000	HK$'000
Interest-bearing debts	-	-	1,694
Total equity	14,453	10,795	7,450
Gearing ratio	N/A	N/A	23%

28. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	HK$'000	HK$'000
Loans and receivables			
Trade and other receivables	11,702	16,013	14,768
Cash and cash equivalents	15,938	31,755	27,513
	27,640	47,768	42,281
Financial liabilities at amortised cost			
Trade and other payables	8,602	15,449	13,449
Amounts due to directors	4,500	-	-
Bank borrowings	-	-	1,694
Dividend payable	-	20,000	20,000
	13,102	35,449	35,143

Due to their short term nature, the carrying value of trade and other receivables, cash and cash equivalents, trade and other payables, amounts due to directors and dividend payable approximate to fair value.

29. COMMITMENTS

The Group's capital commitments at the end of Relevant Periods are as follows:

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	HK$'000	HK$'000
Contracted but not provided for:			
Property, plant and equipment	-	-	50

30. NOTE TO CONSOLIDATED STATEMENTS OF CASH FLOWS

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Amounts due to directors	Bank borrowing	Interest payable	Dividend payable	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2015	3,598	-	-	1,571	5,169
Cash flows	902	-	-	(1,571)	(669)
At 31 March 2016	4,500	-	-	-	4,500
Cash flows	(4,500)	-	-	-	(4,500)
Non-cash changes					
Interim dividend declared	-	-	-	20,000	20,000
At 31 March 2017	-	-	-	20,000	20,000
Cash flows	-	1,694	(32)	-	1,662
Non-cash changes					
Borrowing interest incurred	-	-	32	-	32
At 31 July 2017	-	1,694	-	20,000	21,694
(Unaudited)					
At 1 April 2016	4,500	-	-	-	4,500
Cash flows	97	-	-	-	97
At 31 July 2016	4,597	-	-	-	4,597

III. DIRECTORS' REMUNERATION

Save as disclosed in Note 9(i) of Section II above, no other remuneration has been paid or is payable to the directors of the Company in respect of the Relevant Periods.

IV. SUBSEQUENT EVENTS

Subsequent to 31 July 2017 and up to the date of this report, the following significant events have taken place:

(a) On 22 August 2017 and 17 November 2017, Pangaea settled dividend payables of HK$10,000,000 and HK$5,000,000 respectively with its then shareholders.

(b) On 18 September 2017, the Group repaid the balance of the bank borrowing in full.

(c) On 22 December 2017, written resolutions were passed to effect the transactions as set out in the sub-paragraph headed "Written Resolutions of the Shareholders Passed on 22 December 2017" in Appendix IV to the Prospectus, certain of which are disclosed as follows:

(i) The authorised share capital of the Company was increased from HK$380,000 to HK$10,000,000 by the creation of an additional 9,620,000,000 shares.

(ii) The capitalisation issue was approved and directors of the Company were authorised to capitalise an amount of HK$749,999 standing to the credit of the share premium account of the Company to pay up in full at par 749,999,000 shares for allotment and issue to The Garage Investment Limited and Eight Dimensions Investment Limited, each ranking pari passu in all respects with the then existing issued shares, and directors of the Company were authorised to give effect to such capitalisation.

(iii) The Company's Share Option Scheme was adopted, details of the which are set out in the paragraph headed "Share Option Scheme" in Appendix IV to the Prospectus.

Save as disclosed above, no other significant events have taken place subsequent to 31 July 2017.

V. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 31 July 2017.