KNK Holdings Limited

中國卓銀國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8039

2018 Annual Report

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the "Directors") of KNK Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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BOARD OF DIRECTORS

Executive Directors

Mr. Poon Kai Kit Joe *(Chairman)*
Ms. Chan Ka Yee
Mr. Cheung Hoi Chung
Mr. Sun Xiao Li
Mr Gu Jintai

Independent non-executive Directors

Mr. Kong Kam Wang
Mr. Sung Hak Keung Andy
Mr. Wong Kai Tat

AUTHORISED REPRESENTATIVES

Mr. Poon Kai Kit Joe
Mr. Kwong Chun Man

AUDIT COMMITTEE MEMBERS

Mr. Sung Hak Keung Andy *(Chairman)*
Mr. Kong Kam Wang
Mr. Wong Kai Tat

NOMINATION COMMITTEE MEMBERS

Mr. Wong Kai Tat *(Chairman)*
Mr. Kong Kam Wang
Mr. Sung Hak Keung Andy

REMUNERATION COMMITTEE MEMBERS

Mr. Kong Kam Wang *(Chairman)*
Mr. Sung Hak Keung Andy
Mr. Wong Kai Tat

COMPLIANCE OFFICER

Mr. Poon Kai Kit Joe

COMPANY SECRETARY

Mr. Kwong Chun Man

AUDITOR

Crowe (HK) CPA Limited
Certified Public Accountants
9/F, Leighton Centre
77 Leighton Road
Hong Kong

COMPLIANCE ADVISER

Ample Capital Limited
Unit A, 14/F, Two Chinachem Plaza
135 Des Voeux Road Central
Central
Hong Kong

REGISTERED OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit E, 33/F, Legend Tower
7 Shing Yip Street
Kwun Tong
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111 Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited
HSBC Building
1 Queen's Road Central
Hong Kong

STOCK CODE

8039

WEBSITE OF THE COMPANY

www.knk.com.hk

Dear Shareholders,

On behalf of the board of Directors (the "Board") of the Company, I am delighted to present to you the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2018.

REVIEW

The Group was successfully listed on GEM on 12 December 2016. The proceeds raised have strengthened the cash position of the Group with the aim of recruiting additional professional staff to provide services to both existing and new customers.

For the year ended 31 March 2018, the Group achieved an increase in revenue of approximately HK$6.8 million or 20.6% to approximately HK$40.0 million compared with the previous financial year. Such growth was mainly attributable to the Design and Build project as announced in the announcement dated 18 July 2017. At the same time, the gross profit margin was lowered from approximately 62.3% for the year ended 31 March 2017 to approximately 43.7% for the year ended 31 March 2018. It was also mainly due to the Design and Build project as it had a lower gross profit margin compared with other projects of the Group.

Without considering the effect of listing expenses, the net profit before taxation for the year ended 31 March 2018 was HK$10.2 million compared with HK$15.4 million for the year ended 31 March 2017. Such decrease was due to legal and professional expenses as well as directors' remuneration after listing.

The Directors and senior management are aware of the regulatory reporting and compliance requirements in the architectural industry, and will continue to keep abreast of their development in additional to change of general business environment.

OUTLOOK

Going forward, the Group will continue to focus on our existing businesses and look for opportunities to expand the services in the architectural industry based on the assumption that we can recruit enough competent professional staff to join us and maintain our reputation in the industry in order to maximise returns to our shareholders in the long run.

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to the Group's shareholders, bankers, customers and business partners for their continuous support, and to our management and staff members for their diligence, dedication and contribution to the growth of the Group.

Poon Kai Kit Joe
Chairman

Hong Kong, 27 June 2018

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the provision of comprehensive architectural and structural engineering consultancy service in Hong Kong. During the financial year ended 31 March 2018, the Group has focused on developing business opportunities with existing customers as well as working on those referrals from them; at the same time, the Group plans to expand the types of architectural-related services.

The Company's shares were successfully listed on GEM on 12 December 2016 (the "Listing"). The proceed raised has strengthened the cash position of the Group and allowed the Group to expand from different aspects. After having evaluated the Group's business objectives as stated in the prospectus of the Company dated 30 November 2016 (the "Prospectus"), the Group and the Directors considered that no modification of the business objectives or the business plans as stated in the Prospectus was required.

Going forward, while actively exploring new businesses opportunities, as mentioned above, the Group also plans to extend its business reach and expand service coverage to lay a foundation for our long-term development. These strategic directions aim to capture new business opportunities in the market and contribute satisfactory long-term returns to our shareholders. And such achievements depend on whether we can attract competent professionals to join the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue is generated from the contract revenue from provision of comprehensive architectural and structural engineering consultancy service in Hong Kong, including licensing consultancy, alternation and addition works and minor works consultancy, inspection and certification and other architectural related consultancy.

The Group's total revenue for the financial year ended 31 March 2018 was approximately HK$40.0 million (2017: approximately HK$33.2 million), representing approximately HK$6.8 million or 20.6% increase compared to the corresponding period in 2017. Such increase was mainly attributable to the Design and Build Project as announced in the announcement dated 18 July 2017.

The Group's gross profit margin was lowered from approximately 62.3% in the financial year ended 31 March 2017 to approximately 43.7% in the financial year ended 31 March 2018. Such drop was due to the Design and Build Project as it had a lower gross profit margin compared with other projects of the Group.

General and administrative expenses

The Group's total general and administrative expenses for the financial year ended 31 March 2018 was approximately HK$7.6 million (2017: approximately HK$5.3 million), representing an increase of approximately HK$2.3 million or 43.3% when compared to the corresponding period in 2017. Such increase was mainly due to the increase in legal and professional expenses after Listing and increased payments of directors' salaries and fees since Listing.

Profit for the year

The Group recorded a net profit attributable to owners of the Company of approximately HK$8.0 million for the financial year ended 31 March 2018 (2017: HK$7.4 million). Such change was mainly due to the absence of listing expenses in the financial year ended 31 March 2018, which offset the increase in general and administrative expenses by HK$2.3 million.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the financial year ended 31 March 2018, the Group financed its operations by cash flow from operating activities. As at 31 March 2018, the Group had net current assets of approximately HK$49.2 million (2017: approximately HK$53.4 million), including cash and cash equivalents of approximately HK$44.8 million (2017: approximately HK$51.3 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 12.5 times as at 31 March 2018 (2017: approximately 20.3 times). The decrease in the current ratio was mainly attributable to the increase in trade and other payable for the financial year ended 31 March 2018.

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK$50.4 million as at 31 March 2018 (2017: approximately HK$55.0 million).

EMPLOYEE INFORMATION

Total staff and Directors' remuneration for the financial year ended 31 March 2018 was approximately HK$12.3 million (2017: approximately HK$10.3 million). Such increase was mainly due to the recruitment of new staff during the financial year, general increase in staff salaries and increase in directors' salaries and fees after Listing. The Group's remuneration policies are formulated on the basis of performance, qualifications and experience of individual employee and make reference to the prevailing market conditions. Our remuneration packages comprise monthly fixed salaries and discretionary year-end bonuses based on individual performance, which are paid to employees as recognition of, and reward for, their contributions.

CHARGES ON THE GROUP'S ASSETS

The Group did not have any charge arranged with any financial institution in Hong Kong as at 31 March 2018 (2017: Nil).

FOREIGN EXCHANGE EXPOSURE

The revenue and business costs of the Group were principally denominated in Hong Kong dollars, and as such the exposure to the risk of foreign exchange rate fluctuations for the Group was minimal. Hence, no financial instrument for hedging was employed.

PURCHASE, REDEMPTION OF LISTED SECURITIES

During the financial year ended 31 March 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CONTINGENT LIABILITIES

No material contingent liability had come to the attention of the Directors in the financial year ended 31 March 2018 and up to the date of this announcement of annual results.

EVENT AFTER THE REPORTING PERIOD

Up to the date of this report, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors after the year ended 31 March 2018.

USE OF PROCEEDS

Among the net proceeds of approximately HK$25.1 million from the Placing, up to the latest practicable date for the purpose of this report, approximately HK$2.5 million has been used as general working capital of the Group, comprising (i) approximately HK$0.9 million as Directors' remuneration and staff salaries payment; and (ii) approximately HK$1.6 million as compliance and professional fee and general expenses. Also approximately HK$1.4 million was used as salaries to recruit additional staff since listing to support the expansion of business and approximately HK$2.2 million was used to purchase new property, plant and equipment. The remaining balance of HK$19.0 million was kept in the Company's bank account. The Directors do not intend to change the intended usage of the proceed as disclosed in the Prospectus.

Pursuant to Rule 18.44 of the GEM Listing Rules, the Board is pleased to present this corporate governance report for the year ended 31 March 2018. This report highlights the key corporate governance practices of the Company.

DISCLOSURE OF INFORMATION ON DIRECTORS PURSUANT TO RULE 17.50A(1) OF THE GEM LISTING RULES

The updated information on Directors discloseable under rule 17.50A(1) of the GEM Listing Rules are as follows:

– Mr. Gu Jintai has been appointed as an executive director of the Company with effect from 13 April 2018;

– Mr Fok Yat Cheong has be resigned as an executive director of the Company with effect from 16 June 2018.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to promoting high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding the shareholders' interests and the Group's assets.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code and Report") in Appendix 15 of the GEM Listing Rules. Throughout the year ended 31 March 2018 and up to the date of this report, to the best knowledge of the Board, the Company has complied with all the code provisions set out in the CG Code and Report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the "Required standard of Dealing"). Having made specific enquiries of all the Directors, all of them have confirmed that they have complied with the Required Standard of Dealings throughout the year ended 31 March 2018. No incident of non-compliance was noted by the Company during the year under review.

BOARD OF DIRECTORS

Composition of the Board

Up to the date of this annual report, the Board comprises five executive Directors, three independent non-executive Directors. Details of their composition by category are as follows:

Executive Directors

Mr. Poon Kai Kit Joe *(Chairman)*
Ms. Chan Ka Yee
Mr. Cheung Hoi Chung
Mr. Sun Xiao Li
Mr. Gu Jintai

Independent non-executive Directors

Mr. Kong Kam Wang
Mr. Sung Hak Keung Andy
Mr. Wong Kai Tat

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

The Company has arranged appropriate insurance cover in respect of legal action against the Directors.

Independent non-executive Directors

In compliance with Rules 5.05(1) and (2), and 5.05A of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing more than one-third of the Board, and with at least one of them possessing the appropriate professional qualifications or accounting or related financial management expertise. The independent non-executive Directors, together with the executive Directors, ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards. The Company has received an annual confirmation of independence from each of the independent non-executive Directors and believes that their independence satisfies the criteria set out in Rule 5.09 of the GEM Listing Rules.

The Board

The Board has the responsibility for leadership and control of the Group. They are collectively responsible for promoting the success of the Group by directing and supervising the Groups' affairs. The Board is accountable to shareholders of the Company (the "Shareholders") for the strategic development of the Group with the goal of maximizing long-term Shareholders' interest, while balancing broader stakeholder interests. The Board has delegated the day-to-day responsibility to the executive Directors and senior management of the Company who meet on a regular basis to review the financial results and performance of the Group and make financial and operational decisions for the implementation of strategies and plans approved by the Board. The Board also communicates with Shareholders and regulatory bodies and makes recommendations to Shareholders on issues relating to interim and final dividends.

Board Meetings and Attendance

The Board meets in person or through electronic means of communication to determine overall strategic direction and objectives and approve quarterly, interim and annual results, and other significant matters. The Board held 9 meetings during the year ended 31 March 2018. Individual attendance records of each Director at the respective Board and committee meetings are set out in the table on page 13 of this report.

The Board meets regularly on a quarterly basis. Notice of at least 14 days is given to all Directors for a regular Board meeting. Apart from the regular Board meetings, the Board also meets on other occasions when a Board-level decision on a particular matter is required. For such, reasonable notice is given. All Directors have full and timely access to all relevant information as well as the advice and services of the company secretary of the Company ("Company Secretary"), senior management and compliance officer of the Company who are responsible for ensuring the compliance of the Company with the GEM Listing Rules and advising the Board on compliance matters. Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors of the Company. Any Directors and their associates who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed in the Board meetings shall abstain from voting on the relevant resolutions and are not to be counted in the quorum at meetings.

At least 3 days (or such other period as agreed in advance) before each Board meeting, a draft agenda is sent out to all Directors in order to allow the Directors to include any other matters in the agenda for discussion and resolution in the meeting. To enable the Directors to make informed decisions, Board papers together with all appropriate and relevant information in relation to the matters of the meeting are sent to all Directors 3 days or such other period as agreed before each Board meeting such that the Directors have sufficient time to review the related documents and be adequately prepared for the meeting.

The Company Secretary is responsible to keep minutes of all Board meetings and committees meetings. Draft minutes are normally circulated to all Directors for comments within a reasonable time after each meeting and the final versions are open for Directors' inspection.

Relationships between the Board

There was no financial, business, family or other material relationship among the Directors.

Directors' Continuing Professional Development Programme

Each Director receives comprehensive and formal induction and orientation to ensure he/she adequately understand the operations and business of the Group. The Company also provided detailed director's responsibilities and obligations statement pursuant to the GEM Listing Rules for the Director to review and study. In addition, materials in relation to regularly update on latest development in relation to the GEM Listing Rules, other applicable regulatory requirements and the Group's business and governance policies (the "Reading Materials in relation to Continuous Professional Developments") were circulated to the Directors. Continuing briefings and seminars for the directors will be arranged as necessary. The Directors are encouraged to participate in continuous professional developments to develop and refresh their knowledge and skills periodically.

During the year ended 31 March 2018, the Directors participated in the continuous professional developments in the following manner:

Name	Reading Materials in relation to Continuous Professional Developments	Attending seminars/ courses/conferences in relation to Continuous Professional Developments
Executive Directors		
Mr. Poon Kai Kit Joe	✓	
Ms. Chan Ka Yee	✓	
Mr. Fok Yat Cheong	✓	
Mr. Cheung Hoi Chung	✓	
Mr. Sun Xiao Li	✓	
Independent non-executive Directors		
Mr. Kong Kam Wang	✓	
Mr. Sung Hak Keung Andy	✓	
Mr. Wong Kai Tat	✓	

CHAIRMAN AND CHIEF EXECUTIVE

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

Mr. Poon Kai Kit Joe is the Chairman of the Board and is responsible for formulation of corporate strategy, overseeing the management of the Group and business development. The Chairman also takes the lead to ensure that the Board works effectively and acts in the best interest of the Company by encouraging the Directors to make active contributions to the Board's affairs and promoting a culture of openness and debate.

The Company has no such position as the chief executive and therefore the daily operation and management of the Company is monitored by the executive Directors as well as the senior management.

The Board is of the view that although there is no chief executive, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting operation of the Company and the Group.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Executive Directors

Each of the Executive Directors has entered into a service contract dated 21 November 2016 or relevant appointment date with the Company without a specific term until terminated earlier by no less than three (3) months' notice in writing served by either party or otherwise pursuant to the service contract. Each of the executive Directors is entitled to a fixed salary and may be entitled to a discretionary bonus under their respective service contracts determined by the Board.

Independent non-executive Directors

Each of the independent non-executive Directors has been appointed for an initial term of three (3) years commencing from 21 November 2016, unless terminated by not less than three (3) months' notice in writing served by either the relevant Director or the Company or otherwise pursuant to the applicable laws, Articles and the terms of appointment. Each of independent non-executive Directors is entitled to a director's fee.

In accordance with the Articles of Association of the Company, At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

BOARD COMMITTEES

The Board has established the Audit Committee, the Nomination Committee and the Remuneration Committee in order to maintain high standard of corporate governance within the Company.

Audit Committee

The Audit Committee has been established with written terms of reference in compliance with Rules 5.28 of the GEM Listing Rules and code provision C.3.3 and C.3.7 of the CG Code and Report. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Sung Hak Keung Andy. The other members are Mr. Kong Kam Wang and Mr. Wong Kai Tat.

The primary duties of the audit committee are to make recommendations to the Board on the appointment, reappointment and removal of external auditors; review the financial statements of our Company and areas involving judgements in respect of financial reporting; and oversee internal control procedures of our Company. All members of the Audit Committee are appointed by the Board.

The Audit Committee has met its responsibilities to review the Group's quarterly reports and interim report and the Group's audited annual results for the year ended 31 March 2018 and provided advice and comments thereon.

The Audit Committee held 4 meetings during the year ended 31 March 2018. Individual attendance records of each member of the Audit Committee are set out in the table on page 13 of this report.

Nomination Committee

The Nomination Committee has been established with written terms of reference in compliance with code provision A.4.5 of the CG Code and Report. The Nomination Committee currently comprises three independent non-executive Directors and is chaired by Mr. Wong Kai Tat. The other members are Mr. Kong Kam Wang and Mr. Sung Hak Keung Andy.

The primary duties of the nomination committee are to review the structure, size and composition of the Board on regular basis; identify individuals suitably qualified to become Board members; access the independence of independent non-executive Directors; and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors. All members of the Nomination Committee are appointed by the Board.

During the year ended 31 March 2018, the Nomination Committee reviewed and discussed the structure, size and composition of the Board; made recommendation on the re-election of the retiring Directors; and confirmed the independence of the independent non-executive Directors. The Nomination Committee held 1 meeting during the year ended 31 March 2018. Individual attendance records of each member of the Nomination Committee are set out in the table on page 13 of this report.

Remuneration Committee

The Remuneration Committee has been established with written terms of reference in compliance with code provision B.1.2 of the CG Code and Report. The Remuneration Committee currently comprises three independent non-executive Directors and is chaired by Mr. Kong Kam Wang. The other members are Mr. Sung Hak Keung Andy and Mr. Wong Kai Tat.

The primary duties of the remuneration committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; review performance-based remuneration; and ensure none of our Directors determine their own remuneration.

During the year ended 31 March 2018, the Remuneration Committee reviewed and made recommendation on the remuneration package of Directors and senior management of the Group and assessed the performance of executive Directors. The Remuneration Committee held 1 meeting during the year ended 31 March 2018. Individual attendance records of each member of the Remuneration committee are set out in the table on page 13 of this report.

Directors' Attendance Record at Meetings

Details of the attendance of the Directors at the meetings of the Board and its respective committees during the year ended 31 March 2018 are as follows:

Name of Director	Board Meeting Attended/ Eligible to attend	Audit Committee Meeting Attended/ Eligible to attend	Nomination Committee Meeting Attended/ Eligible to attend	Remuneration Committee Meeting Attended/ Eligible to attend	General Meeting Attended/ Eligible to attend
Executive Directors					
Mr. Poon Kai Kit Joe	9/9	N/A	N/A	N/A	2/2
Ms. Chan Ka Yee	9/9	N/A	N/A	N/A	2/2
Mr. Fok Yat Cheong	9/9	N/A	N/A	N/A	2/2
Mr. Cheung Hoi Chung	4/4	N/A	N/A	N/A	1/1
Mr. Sun Xiao Li	1/1	N/A	N/A	N/A	1/1
Independent non-executive Directors					
Mr. Kong Kam Wang	9/9	4/4	3/3	1/1	2/2
Mr. Sung Hak Keung Andy	9/9	4/4	3/3	1/1	2/2
Mr. Wong Kai Tat	9/9	4/4	3/3	1/1	2/2

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the corporate governance duties in accordance with code provision D.3.1 to the CG Code and Report which are included to develop and review the Company policies and practices on corporate governance, to review and monitor the training and continuous professional development of Directors and senior management of the Company, the issuer's policies and practices on compliance with legal and regulatory requirements and reviewing the issuer's compliance with the CG Code and Report and disclosure in the Corporate Governance Report.

NON-COMPETITION UNDERTAKING

Pursuant to the Deed of Non-competition entered into among Mr. Poon Kai Kit Joe ("Mr. Poon"), Ms. Chan Ka Yee ("Ms. Chan") and Energetic Way Limited (the "Energetic Way") have agreed to and undertaken with the Company (for itself and on behalf of its subsidiaries) that for so long as the Deed of Non-competition remains in effect, other than through the Group and subject as provided below, he/it will not and will procure that none of his/its associates will, engage or be interested, directly or indirectly, in any business which may be in any aspect in competition with or similar to the businesses as may from time to time be carried on by the Group in Hong Kong (other than, in respect of Mr. Poon, Ms. Chan and Energetic Way, as a holder of not more than 5% of the issued shares or stock of any class or debentures of any company listed on any recognised stock exchange). Mr. Poon, Ms. Chan and Energetic Way have further agreed to and undertaken with our Company (for itself and on behalf of its subsidiaries) that Mr. Poon, Ms. Chan and Energetic Way will, jointly and severally, indemnify and keep indemnified our Group against any damage, loss or liability suffered by our Group arising out of or in connection with any breach of covenants and undertakings and/or any of the obligations of Mr. Poon, Ms. Chan and Energetic Way under the Deed of Non-competition, including any costs and expenses incurred as a result of such breach.

The Company has received an annual confirmation from Mr. Poon, Ms. Chan and Energetic Way that each of Mr. Poon, Ms. Chan and Energetic Way confirmed that other than their respective interests in our Group, none of them is engaged in, or interested in any business which, directly or indirectly, competes or may compete with the business of our Group during the year ended 31 March 2018.

The Independent Non-Executive Directors reviewed annually the compliance with the non-competition undertaking of Mr. Poon, Ms. Chan and Energetic Way under the Deed of Non-competition during the year ended 31 March 2018. No incident of non-compliance was noted by the Company and the Independent Non-Executive Directors for the year ended 31 March 2018.

AUDITOR AND THEIR REMUNERATION

For the year ended 31 March 2018, remuneration paid and payable to the auditor of the Group (the "Auditor") are approximately HK$450,000 (2017: HK$400,000) for audit services. There was no significant non-audit service provided by the auditor of the Group for the year.

Director's Acknowledgement

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements which give a true and fair view of the financial position of the Group. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

Auditor's Statement

The statement of the Auditor about their reporting responsibilities on the Company's financial statements for the year ended 31 March 2018 is set out in the section "Independent Auditor's Report" of this report.

Financial Reporting

The Management has provided to all Directors quarterly updates with quarterly consolidated financial statement of the Company's performance, position and prospects in sufficient details during the regular Board meetings. In addition, the Management has provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient information for matters brought before the Board. The Management will spare no effort to provide all members of the board with more detailed and promptly monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail in coming future.

INTERNAL CONTROL

The Board has overall responsibilities for the establishment and maintenance of an adequate and effective internal control system to safeguard the Group's assets against unauthorized use or disposition, and to protect the interests of the shareholders of the Company. During the year ended 31 March 2018, a review of the effectiveness of the Group's internal control systems was conducted by external consultant and the results were summarized and reported to the Audit Committee and the Board. The Board will continue to assess the effectiveness of internal controls by considering reviews performed by the audit committee and senior management.

The Group reviewed the need of setting up an internal audit department and based on the resources needed and benefits of doing so, the Group and Directors believe that engaging external consultants to carry out an internal audit on an annual basis is more suitable to the Group's current situation.

COMPANY SECRETARY

Mr. Kwong Chun Man joined the Group on 17 August 2015 and has been the Company Secretary since 21 September 2015. The biographical details of the Company Secretary are set out under the section headed "Biographical Details of Directors and Senior Management" of this annual report. In accordance with the Rule 5.15 of the GEM Listing Rule, the Company Secretary has taken no less than 15 hours of relevant professional training during the year ended 31 March 2018.

SHAREHOLDERS' RIGHT

Procedures for the Shareholders to convene an extraordinary general meeting

Pursuant to the Articles of Association of the Company, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting (the" EGM") to be called by the Board for the transaction of any business specified in such requisition.

Such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for the Shareholders to put their enquiries to the board

The Company endeavor to maintain two way communications with the Shareholders through various channels. The Shareholders are encouraged to send their enquiries about the Group by mail to the principle address of the Company. All the enquiries are dealt with in a timely manner. The Shareholders are also encouraged to attend annual general meeting (the "AGM") and EGM of the Company and to put their enquiries to the Board directly. Notices are duly being circulated to the Shareholders in order to ensure each Shareholder is informed to attend the AGM and the EGM. The Chairman of the Board, chairmen of each of the Remuneration Committee, Nomination Committee and Audit Committee and the senior management attend the aforesaid meetings and respond proactively to the Shareholders' enquiries. The detailed procedures for conducting a poll are set out in the proxy forms and will be explained by the chairmen of the AGM and EGM orally in the beginning of the aforesaid meetings.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhance investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public.

The Company strengthens its communications with shareholders and investors through various channels including publication of interim and annual reports, press releases and announcements regarding the latest developments of the Company in its corporate website at www.knk.com.hk at a timely manner.

CONSTITUTIONAL DOCUMENTS

Pursuant to Rule 17.102 of the GEM Listing Rules, the Company has published on the respective websites of the Stock Exchange and the Company its Memorandum and Articles of Association. During the year ended 31 March 2018, there had not been any changes in the Company's constitutional documents.

ABOUT THE GROUP

KNK Holdings Limited ("KNK" or the "Group") major business line is provision of architectural consultancy services in Hong Kong and primarily an office with relatively low energy, power and resources consumption, our direct environmental impact is immaterial in the process of the Group's daily operation and business development.

ABOUT THIS REPORT

This report is the second Environmental, Social and Governance ('ESG') Report (the "Report") published by the Group, which discloses our policies, measures, and performance of the Group in respect of ESG issues. These disclosures enable our stakeholders to have a better understanding of the Group's progress and objectives of sustainable development. This Report has been prepared and uploaded to the website of Hong Kong Stock Exchange ("HKEx") and the Company (www.knk.com.hk).

SCOPE OF REPORT

The Report focuses on the operations of providing architectural consultancy services during 1 April 2017 to 31 March 2018 ('the reporting period'). The Group will gradually expand the scope of disclosure by continuously optimizing the internal information collection procedures.

REPORTING STANDARDS

This Report complies with the requirements of the Environmental, Social and Governance Reporting Guide (the "Guide") published by the Stock Exchange concerning "comply or explain". The four reporting principles, which covers materiality, quantitative, balance and consistency, set out in the Guide are taken as the basis for preparing this Report. To make sure that the environmental key performance indicators are accurate, the independent consultant GRC Chamber Limited (hereinafter referred to as "GRC") was appointed to assist the management to conduct this report. A complete index is attached to the last section of the Report to enable readers to understand this Report according to the Guide.

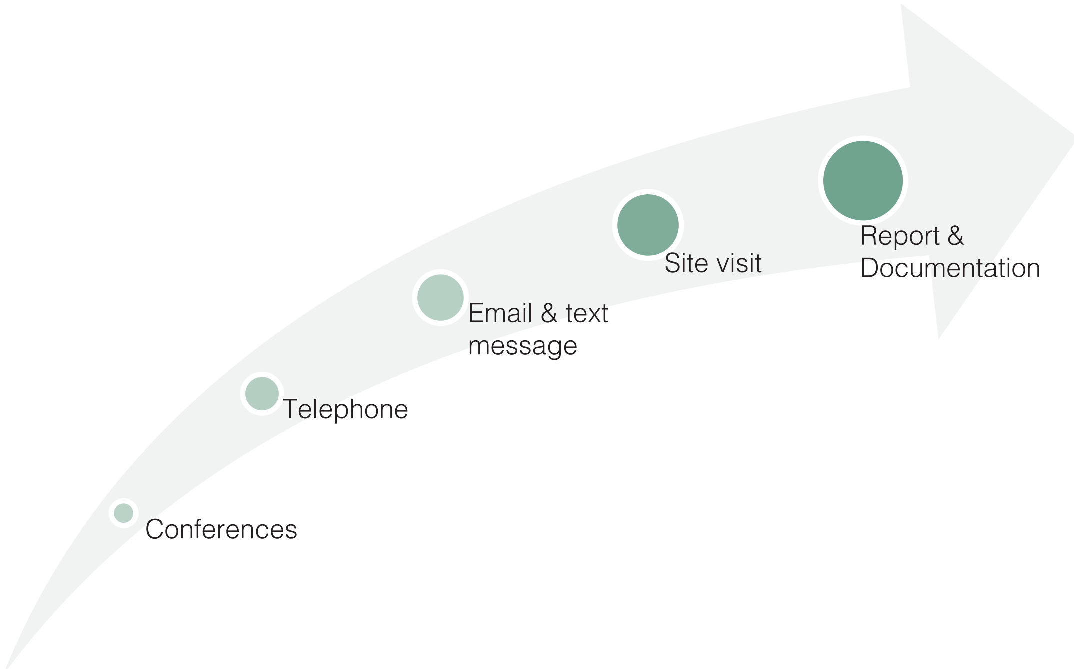
STAKEHOLDERS' FEEDBACK

The Group highly values the opinions of stakeholders. Should you have any enquiries or comments regarding the content or form of this Report, please contact us at knk@asia.com.

COMMUNICATION WITH THE STAKEHOLDERS

Stakeholder engagement is an important component in consistent improvement of sustainability performance. Engaging with stakeholders and understanding their views would allow the Group to identify any potential risk and opportunity closer to the satisfaction of stakeholders' needs and expectations and properly manage opinions from different stakeholders.

We consider our major stakeholders are directors, employees, shareholders, customers, business partners, and regulatory authorities. Our communication channel with our major stakeholders are:



To determine the strategies and directions for our sustainability, and to identify environmental and social issues that are most essential for the Group and the stakeholders, the independent consultant GRC has engaged to conduct interviews with our management. Based on the results of the interviews and advices of the consultants, we consider that A2 – Use of Resource is the most important and relevant aspect to KNK out of the eleven ESG aspects from the Guide have been selected as the key focuses of this Report.

We believe that each year's business performance, overall situation of the industry and other factors will affect the experience of different stakeholders, and thus their expectation and demands on different items. We will continue to collect stakeholder's feedbacks and disclose further information based on the results in various assessments.

OUR ENVIRONMENT ASPECT

Our business and operation do not consume natural resources extensively and does not generate hazardous waste. The main emission of KNK is indirect greenhouse gas emissions from purchased electricity and paper. While water consumption of KNK come from office drinking water and lavatory usage. In this regards, the disclosure of our environment aspects mainly focus on energy consumption and use of paper.

During the Reporting Period, we are in compliance with applicable environmental laws and regulations in all material respects. We are not aware of any non-compliance incidents relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Resources Efficiency Management

Electricity consumption of our corporate office for the use of office lightening, air-conditioning, and office equipment such as printing machines and computers, is the major contribution to our greenhouse gas emission and energy footprints. Concur to previous year, KNK promotes conservative measures such as

- Maintaining indoor temperature at an optimal level for comfort

- Turning off idle lighting, air conditioning and electronic devices before leaving the office

We believe that through the above mitigation measures, it will change the behaviour of the use of energy and resources in the workplace and finally achieve the goal of reducing the greenhouse gas emission and protecting our environment.

During the Reporting Period, we concur our paper conservation measures to previous years, such as

- Other than formal documents that require the use of papers, we encourage paperless office by using electronic communications to reduce paper

- When printing is necessary, double-sided printing or using recycle paper is recommended except for formal and confidential documents

- Encourage personal use of drinking cups for less use of disposable paper made cups

Waste management

Our source of non-hazardous waste is the general waste from daily office operation mainly are waste paper. The Group has outsourced the office cleaning work to an independent contractor for handling and collecting the non-hazardous waste and the waste and recycle volume record is not provided by the cleaning contractor.

Environmental Performance

Based on the Group's resource consumption in reporting period, the Group's GHG emissions are estimated by reference to the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes)" issued by the Hong Kong Environmental Protection Department and the Electrical and Mechanical Services Department, as detailed in the table below:

Energy use and emissions	Unit	FY2018	Intensity (unit/sales in thousand)
Electricity	kWh	38,676	966.9
Greenhouse Gas Emission	CO_{2e} (tones)	28,450	711.3

Use of resources	Unit	FY2018	Intensity (unit/sales in thousand)
Paper	ream	159	4.0
Water	liter	2,556	63.9

Notes to the above two tables

1 Intensity is calculated by the total amount consumption divided by the revenue from operation for Financial Year 2018, approximately HK$40 million.

2 The GHG emissions mainly come from the purchased electricity under Scope II and paper consumption under Scope III.

3 Water here refers to drinking water consumed in office premise.

Based on our assessment, we are not aware of any significant impacts of activities on the environment and natural resources. KNK will continue to implement environment-friendly practices in the course of operation in order to enhance environmental sustainability.

SOCIETY ASPECT

B1/B4、Employment & Labour Standards

We owe much of our success to a team of dedicated and efficient workforce.

We are determined to provide a desirable workplace and stable career environment to our employees. The commitment is incorporated into our staff handbook. The staff handbook covers the Group's standard in respect of compensation and dismissal, recruitment and promotion, working hours, rest periods and other benefits and welfare.

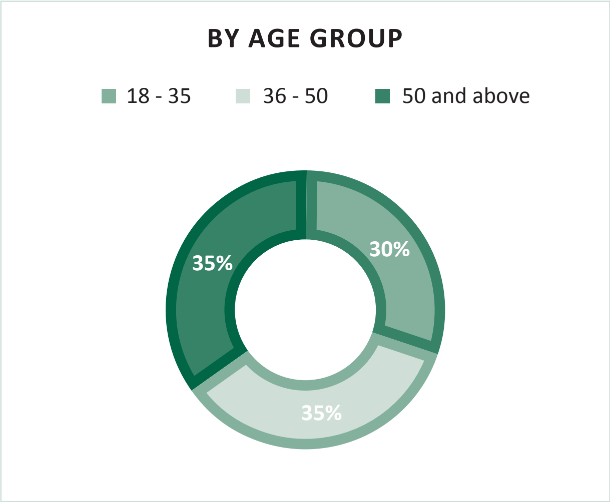
The Group considers that the working environment and benefits offered to the employees and dispatched workers have contributed to building good staff relations and retention. Equality and diversity is highly respected. Our remuneration, promotion and termination system and decision are irrespective of gender, age, race, religion, political affiliation, and national origin.

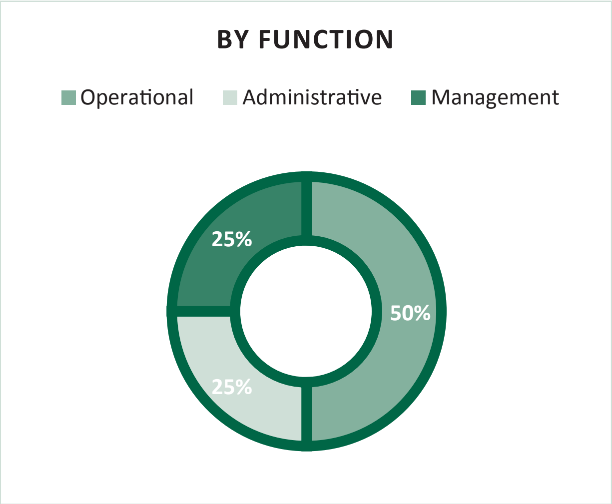
During the Reporting Period, the Group has complied with all applicable laws and regulations in relation to employment and labour standard. We are not aware of any non-compliance incidents relating to:

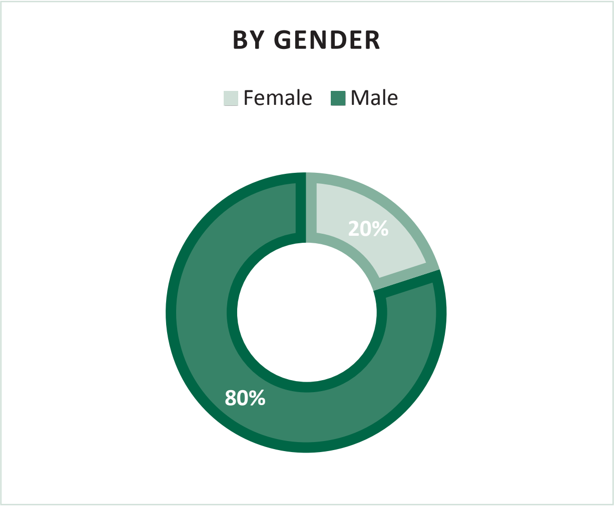
- Employment Ordinance Cap. 57
- Mandatory Provident Fund Schemes Ordinance Cap. 485
- Minimum wage ordinance Cap. 608

We confirm that child and forced labour are strictly prohibited in our businesses and operation.

Employee structure
As at the year ended 2018, we have 20 employees. In the reporting period, there are 2 staff turnover, which are from operation department.







Notes to the above three charts:

1. Figures are rounded to the nearest integer

2. Figures are averaged for the reporting period

B2、Health and Safety

We understand that the maintenance of a healthy and safe working environment and the operational efficiency of an enterprise are closely related. We are committed to protect our employee from potential occupational hazards and health and safety risks.

We have strictly adhered to all applicable laws and regulations in relation to health and safety, including, but not limited to Occupational Safety and Health Ordinance cap 509a. Our key health and safety measures include the following:

1. Our workplace is properly designed to prevent accidents;

2. Our workplace are adequately lit and ventilated;

3. There are illuminated 'EXIT' signs over all exits in our office building;

4. The means of escape in a safe condition and free from obstruction;

5. Provision of suitable and adequate fire safety measures;

6. Provision of adequate lavatory and washing facilities, as well as adequate supply of drinking water.

There are no fatalities cases or major accidents/issues concerning the health and safety of our employees.

B3、Staff Development and Training

The Group values the development of its employees. Each department leader is responsible for determine its training needs for employee in its department. Training courses either arranged internally or by external service providers are encouraged and arranged in the reporting period. KNK strives to ensure that all employees can fulfil the relevant job requirements in terms of education, training, technical and work experience.

Welfares and safeguards

A sustainable and stable workforce is in the means to better facilitate every parties, creating common values with the hope to deliver up-standard quality service for a sustainable development and future.

To achieve the goal, we also put a strong emphasis on assuring comprehensive welfares and safeguards for employees. The Company implemented a compensation and benefits system to further provide employees with competitive remuneration.

We are eager to provide a harmonious working environment for our employees. We offer various leisure and gathering events to light up the office atmosphere and enhance bonding among employees.

B5、Supply Chain management

As a professional architectural consultancy service provider, our management has set up a comprehensive and effective compliance procedure to ensure it full compliance in daily operation with all applicable laws and professional requirements. Our Executive Director oversees each of our engagement and providing back to back support to our customers.

B6、Quality Management & Service Liability

To ensure its overall operations are in line with all legal compliance requirements, the management of the Group also disseminates information on related changes by email or other means to update employees on new developments. The Group reviews its internal and external operations practices from time to time.

- Constant communication – Operational project manager work closely with our customers throughout each job engagement. We constantly make changes to our design to meet customer needs.

- Routine reporting – Our project managers are required to report project status to our Executive Director from time to time.

Handle of sensitive information

In our course of operation, we are not required to handle advertising, labelling, and privacy matters of customers, suppliers, and business partners. Apart from our service quality, KNK emphasises the importance of confidentiality of personal data and the privacy of our clients and we adhere to the provisions of the Personal Data (Privacy) Ordinance to require our employee to maintain confidentiality with respect to confidential information pertaining to its operations.

Customers' feedbacks

The Group pays high attention to the quality of its services. The Group has established relevant quality and safety inspection measures such as communicates with our customers and confirms their project expectation and direction prior launching any project, and actively coordinates projects with customers in the process of providing services. In the reporting period, we do not have any material complaints.

During the Reporting Period, we have strictly complied with all the applicable laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to services provided. There are no claims or compensations or requests of such in relation to service liability. We have taken necessary steps to prevent infringement of our own intellectual property rights.

B7、Anti-Corruption

The Group is committed to upholding a high standard of business ethics and to standards to prohibit bribery and corrupt practices. Anti-corruption procedures are put into our practice and embedded in our employment handbook covers similar standard in regulating employee to possess business ethics.

Particularly, we conduct our business or affairs in compliance with the Prevention of Bribery Ordinance (POBO) of Hong Kong. The Group prohibit:

a) solicit or accept any advantage from others as a reward for or inducement to doing any act or showing favour in relation to the Group's business or affairs, or offer any advantage to an agent of another as a reward for or inducement to doing any act or showing favour in relation to his principal's business or affairs;

b) offer any advantage to any public servant (incl. Government/public body employee) as a reward for or inducement to his performing any act in his official capacity or his showing any favour or providing any assistance in business dealing with the Government/a public body; or

c) offer any advantage to any staff of a Government department or public body while they are having business dealing with the latter.

During the Reporting Period, we are strictly in compliance with all the applicable laws and regulations relating to bribery, extortion, fraud and money laundering, including the Prevention of Bribery Ordinance in Hong Kong.

We will take disciplinary or legal actions against any acts of bribery and corruption. There were no record on any corruption-related cases nor received any reports of suspected cases which involved the Group or its employees.

B8、Community Investment

The Group regards contributions to society as part of its mission. Our business development strategy also pays close attention to community welfare. The Group has been devoted to promote community development by taking the lead and encouraging employees to care for the community.

The Group and controlling shareholders target through donations, sponsorships and charity work by supporting non-profit-making organisations to help charitable, cultural, medical, educational and other needs of society. The Group wishes to raise fund as caring for people in need and supporting charity activities.

APPENDIX 1: HKEX ESG REPORTING GUIDE INDEX

SEHK ESG Reporting Guide General Disclosures		Reference Section/Remark	Comply or Explain
A. Environment			
A1 Emission	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, etc.	Our Environment aspect	Complied
KPI A1.1	The types of emissions and respective emissions data.	Environmental Performance	Complied
KPI A1.2	Greenhouse gas emissions in total, and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance	Complied
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable – No hazardous waste was generated	Explained
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our Environment aspect: – Resources Efficiency Management – Environmental Performance	Complied
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Our Environment aspect – Resource Efficiency Management	Complied

SEHK ESG Reporting Guide General Disclosures		Reference Section/Remark	Comply or Explain
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Our Environment aspect – Resource Efficiency Management	Complied
A2 Use of Resource	Policies on efficient use of resources including energy, water and other raw materials.	Our Environment aspect – Resource Efficiency Management	Complied
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Our Environment aspect – Environmental Performance	Complied
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Our Environment aspect – Environmental Performance	Complied
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Our Environment aspect – Resource Efficiency Management	Complied
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Not applicable – water consumption were insignificant	Explained
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable – Packaging materials used in operation were insignificant	Explained

SEHK ESG Reporting Guide General Disclosures		Reference Section/Remark	Comply or Explain
A3 The Environment and Natural Resources	Policies on minimizing the operation's significant impact on the environment and natural resources.	Not applicable – we did not have significant impact on environment and natural resources during our operation.	Explained
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Not applicable. We did not have significant impacts of activities on the environment and natural resources.	Explained
B. Social			
B1 Employment	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment & Labour Standards	Complied
B2 Health and Safety	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on providing a safe working environment and protecting employees from occupational hazards.	Health and Safety	Complied
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Staff Development and Training	Explained

SEHK ESG Reporting Guide General Disclosures		Reference Section/Remark	Comply or Explain
B4 Labour Standard	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on preventing child or forced labour.	Employment & Labour Standards	Complied
B5 Supply Chain Management	Policies on managing environmental and social risks of supply chain.	Supply Chain Management	Complied
B6 Product Responsibility	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Quality Management and Service Liability	Complied
B7 Anti-corruption	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on bribery, extortion, fraud and money laundering.	Anti-corruption principles and practices are embedded into Employment handbook. Please refer to "Anti-corruption" section for details.	Complied
B8 Community Investment	Policies on community engagement to understand the community's needs where it operates and to ensure its activities take into consideration communities' interests.	Our Group is in consideration of setting up policy on community investment in the future.	Complied

EXECUTIVE DIRECTORS

Mr. Poon Kai Kit Joe（潘啟傑）, previously named Poon Hoi Ming, aged 52, is the founder of our Group, the chairman of the Board and an executive Director. Mr. Poon is responsible for the overall corporate development of our Group, overseeing the management of our Company and giving guidance or decision on design, administration and policy matters. Mr. Poon also collaborates with project directors and architects to assume full responsibility for the projects. Mr. Poon was appointed as a Director on 29 July 2015.

Mr. Poon has over 20 years of experience in the architectural service industry. He established Prompt Shine Investment Limited (currently known as KKCAAL) in 1993. Since 1999, he led Prompt Shine Investment Limited to specialise in architectural expertise while simultaneously providing structural, building services, interior design, project management and licensing services.

Mr. Poon graduated from the University of Hong Kong with a bachelor's degree of Arts in Architectural Studies in November 1988. He was then awarded with a bachelor's degree of Architecture from the University of Hong Kong in December 1990.

Mr. Poon is a director of Energetic Way, Energetic Tree, Global Crown Limited, Lucky Unicorn Holdings Limited and KKCAAL and the spouse of Ms. Chan, another executive Director.

Ms. Chan Ka Yee（陳嘉儀）, aged 42, has been appointed as the executive Director since 21 September 2015. She joined our Group on 19 May 2003 as a director of KKCAAL. She attained secondary education level and attended the Hong Kong Advanced Level Examination in 1997. She is primarily responsible for overseeing the daily operation of the office administration in our Group. Ms. Chan has over 12 years of experience in the architectural service industry in Hong Kong. Prior to joining our Group, she worked as a secretary in both Hong Kong Exchanges and Clearing Limited from June 2001 to May 2005 and Asia Standard International Group Limited from August 1999 to April 2001.

Ms. Chan is also a director of Energetic Tree and KKCAAL and the spouse of Mr. Poon.

Mr. Fok Yat Cheong（霍日昌）, aged 59, has been appointed as an executive Director since 21 September 2015. He is primarily responsible for overseeing the implementation and daily maintenance of our Group's information technology system and its design.

Mr. Fok obtained a master's degree of science in Engineering Business Management from The University of Warwick, United Kingdom in July 1995. He was elected as an Associate of the Hong Kong Institute of Bankers in October 2002 and admitted as a full member of the Hong Kong Computer Society in April 2000.

Since October 1980, he was employed as a programmer of the International Bank of Asia. As at the time of his resignation in November 1988, he held the position of assistant manager in system development and maintenance group of operations and support division. He was then employed as an IT manager by Sun Hung Kai Properties Limited from November 1988 for around 25 years and had led a team of more than 50 people to provide application systems development, office automation, date centre operation and user support.

Mr. Cheung Hoi Chung（張海鐘）, aged 33, has joined the Group in March 2017 and is currently the director of two wholly owned subsidiaries of the Company, namely Golden Legend Consortium Limited and Golden Legend Capital Limited. He is a member of the Hong Kong Institute of Certified Public Accountants. He is also a certified Project Management Professional of Project Management Institute. Mr. Cheung graduated from The Hong Kong Polytechnic University with a Bachelor of Arts in Accountancy.

Mr. Sun Xiao Li（孫曉立）, aged 56, graduated from The Liaoning Radio and TV University（遼寧廣播電視大 學）majoring in finance in Liaoning Province, the People's Republic of China (the "PRC"). He worked at the Jianchang County branch of Industrial and Commercial Bank of China in the PRC 中國工商銀行建昌縣支行）from 1979 to 1998 where his last position was the head of the Finance Department. From 1999 to 2013, Mr. Sun worked at various branches of Taikang Life Insurance Company Limited（泰康人壽保險公司）as a general manager and deputy general manager. He is currently the chief executive of 卓信財富（北京）投資管理有限公司 (Zhuoxin Wealth (Beijing) Investment Management Co., Ltd.).

Mr. Gu Jintai（谷金泰）, aged 41, has approximately 10 years of experience in the financial industry. He worked at the Harbin branch of New China Life Insurance Company, Ltd.（新華人壽保險股份有限公司哈爾濱分公司）from 2008 to 2012 as banking specialist（銀行業務專管員）. From 2012 to 2014, Mr. Gu worked at the Harbin branch of China Life Insurance Company Ltd.（中國人壽保險股份有限公司哈爾濱分公司）as bank insurance sales and channel manager. He has been the general manager of the Harbin branch of Zhuoxin Wealth (Beijing) Investment Management Co., Ltd.（卓信財富（北京）投資管理有限公司哈爾濱分公司）since 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kong Kam Wang（江錦宏）, aged 61, has been appointed as an independent non-executive Director since 21 November 2016. He is also the chairperson of Remuneration Committee and a member of each of Audit Committee and Nomination Committee.

Mr. Kong graduated from The Chinese University of Hong Kong in December 1981 with a bachelor's degree of Business Administration and he later obtained a master's degree of Business Administration from The Chinese University of Hong Kong in December 2002.

Mr. Kong has over 15 years of experience in the banking industry and has held senior management positions specializing in corporate banking in Hong Kong and the PRC. He has been appointed as an executive director of WLS Holdings Limited (stock code: 8021) since June 2002 and has been promoted to chief executive officer since January 2007. Before joining WLS Holdings Limited, Mr. Kong had been employed by First Pacific Bank Limited from June 1989 to February 2002 with his last position as vice president.

Mr. Sung Hak Keung Andy（宋克强）, aged 44, has been appointed as an independent non-executive Director since 21 November 2016. He is also the chairperson of Audit Committee and a member of each of Remuneration Committee and Nomination Committee.

Mr. Sung has over 16 years of experience in accounting and finance industry. Prior to joining our Group, Mr. Sung worked as a staff accountant I and was then promoted to senior accountant II in Ernst & Young in Hong Kong from October 1997 to December 2001 and has been a member of American Institute of Certified Public Accountants since July 2000, an associate member of the Hong Kong Society of Accountants (now known as Hong Kong Institute of Certified Public Accountants) since January 2001, and a Chartered Global Management Accountant of the American Institute of Certified Public Accountants since June 2012. Mr. Sung obtained a bachelor's degree in commerce in June 1997 from University of Toronto, Canada and obtained a master's degree in business administration in June 2007 from The University of Manchester, United Kingdom.

Mr. Sung worked as an assistant financial controller at Good Fellow Group Limited during the period from August 2003 to September 2006. Mr. Sung was a company secretary of Oriental City Group PLC during the period from May 2007 to March 2009 and a vice president-finance of China Smartpay Group Holdings Limited (formerly known as Oriental City Group Holdings Limited) (stock code: 8325) during the period from August 2009 to November 2013 and was the company secretary of that company from January 2009 to January 2013. Mr. Sung has also been an independent non-executive director of New Ray Medicine International Holding Limited (stock code: 6108) from September 2013 to June 2017.

Mr. Wong Kai Tat（王啟達）, aged 65, has been appointed as an independent non-executive Director since 21 November 2016. He is also the chairperson of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee.

He graduated with an LLB (Honours) degree from the University of Hong Kong in December 1989, a bachelor's degree in business administration from the University of Iowa in the United States in May 1974, a master's degree in business administration from the University of Strathclyde in Scotland in November 1993, a master's degree in applied finance from Macquarie University in Australia in September 2001, a master's degree in corporate finance from Hong Kong Polytechnic University in November 2002, an honorary doctor's degree of law from Armstrong University in the United States in June 1996 and a doctor's degree in business administration from the University of Newcastle in Australia in July 2013. He has also been an associate of the Hong Kong Society of Accountants (now known as Hong Kong Institute of Certified Public Accountants) since February 1980. He has been a barrister in Hong Kong since September 1994.

Mr. Wong was an independent non-executive director of Shenyang Public Utility Holdings Company Limited (stock code: 747) from February 2009 to February 2015 and an executive director of Great World Company Holdings Ltd (formerly known as T S Telecom Technologies Limited) (stock code: 8003) from July 2000 to July 2011.

SENIOR MANAGEMENT

Mr. Lee Hon Ho（李漢豪）, aged 54, joined our Group on 10 September 2011 as a senior project architect and was then promoted to a senior associate director and the head of alteration and addition and minor work division of our Group. He is responsible for the architectural and interior design of alteration and addition works and minor works. Prior to joining our Group, Mr. Lee Hon Ho worked as a project architect in KLS International Architects & Planners Co., Ltd from May 2004 to September 2011.

He obtained a bachelor's degree of Art in Architecture Studies from the University of Hong Kong in November 1985 and was awarded a professional degree in Architecture from Politecnico di Milano in Italy in July 1993.

Mr. Wong Kin Piu（黄健彪）, aged 47, joined our Group on 9 March 2009 and has been a project manager of our Group since then. He is responsible for project management of alteration & addition works and minor works including preparation of statutory submission documents. He also supervises site works and liaises with customers, consultants and contractors. Prior to joining our Group, Mr. Wong Kin Piu worked as project manager in Mega Projects Construction Limited From September 2006 to February 2009. He gained skills in site planning, management and technical co-ordinations to solve problems without jeopardizing the fundamental design intention through experience in plenty of building services improvements project experience.

Mr. Wong Kin Piu was awarded the higher diploma in Building Surveying from the City University of Hong Kong in November 1993. He was also awarded BSc (Hon) in Construction Management from the University of Wolverhampton in September 2008.

Mr. Wong Yiu Chung（黃耀聰）, aged 53, has joined our Group since 1 July 2015 and has been an associate director of our Group since July 2015. He is in charge of building services division and he is responsible for managing the building services design team, project management and license consultant. Mr. Wong Yiu Chung has around 20 years experience in building services system planning, design and quality control. Prior to joining our Group, he worked as project manager in Asia Standard Development Holdings Limited from October 1993 to April 2006, in charge of all building services works and successfully completed over 30 development projects including residential, commercial, industrial buildings and hotels.

Mr. Wong Yiu Chung was awarded a Certificate in Mechanical Engineering (Air-conditioning and Refrigeration) from Morrison Hill Technical Institute in June 1990. Then he was awarded a Higher Certificate in Building Services Engineering from Hong Kong Polytechnic in November 1993. Mr. Wong Yiu Chung has mastery on heating, ventilation, refrigerating and air-conditioning engineering and had obtained the membership of American Society of Heating, Refrigerating and Air-conditioning Engineers, Inc in September 1994.

Mr. Kwong Chun Man（鄺振文）, aged 39, joined our Group as the financial controller on 17 August 2015 and was appointed as the company secretary of our Company on 21 September 2015 and is responsible for our Group's accounting and corporate finance matters.

Mr. Kwong is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. Mr. Kwong is also a certified internal auditor of the Institute of Internal Auditors and a certified information systems auditor of the Information Systems Audit and Control Association. Mr. Kwong obtained a Bachelor of Art in Computing degree at The Hong Kong Polytechnic University in November 2001.

Before joining our Group, Mr. Kwong was employed by Deloitte Touche Tohmatsu from 2001 to 2008 and was a manager when he left the employment. He was a vice president of Orient Securities Limited, an indirect wholly owned subsidiary of Orient Securities International Holdings Limited (stock code: 8001), from 1 June 2013 to 16 August 2015 and was responsible for its financial reporting and overall financial planning and budgeting. Mr. Kwong has not held directorship in public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

The Directors are pleased to present their report and the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES AND REORGANISATION

The Company was incorporated and registered as an exempted company with limited liability on 29 July 2015 under the Companies Law of the Cayman Islands and acts as an investment holding company. Under a group reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Growth Enterprise Market ("GEM") of the Stock Exchange (the "Group Reorganisation"), the Company has become the ultimate holding company of the Group on 21 September 2015. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is Unit E, 33rd Floor, Legend Tower, 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong.

The Company and its subsidiaries (together the "Group") are principally engaged in the provision of comprehensive architectural and structural engineering consultancy service.

The Company's shares have been listed on the GEM of the Stock Exchange since 12 December 2016 (the "Listing Date").

BUSINESS REVIEW AND PERFORMANCE

Review of the Group's Business and Performance

Details of a fair review of the Group's business (including an analysis using key financial performance indicators) and the possible future development of the Group's business are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

Compliance with Laws and Regulations

During the year ended 31 March 2018, the Group has complied with the relevant laws and regulations that have a significant impact on it.

Environmental Policies and Performance

While the direct impact of the Group's business to the environment is minimal due to the nature of our business, we are committed to providing architectural consultancy services in a manner that minimises potential adverse impact on the environment. To achieve this aim, we have adopted a set of environmental protection policies including but not limited to shutting down lights and various office electronic equipment when not in use and reducing the paper consumption.

Relationship with Key Stakeholders

As developing and retaining talents are vital to the Group's success, the Group not only provides competitive remuneration packages and opportunities for career advancement, but also gives support in different areas to its employees. During the period under review, there were no significant disputes between the Group and its employees.

In addition, the Group also kept maintaining a long-term healthy relationships with its major customers and subcontractors by keeping having new projects from them and engaging them on projects that need their participation.

RESULTS

The Group's results for the year ended 31 March 2018 and the state of affairs of the Group at that date are set out in the consolidated financial statements from pages 50 to 91 of this annual report.

The Directors do not recommend payment of any final dividend for the year.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past four years is set out in the section headed "Financial Summary" on page 92 of this annual report. The summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 20 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Group's property, plant and equipment during the year are set out in note 13 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 20 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2018, the Company's reserves available for distribution to the shareholders of the Company amounted to approximately HK$23,711,000 (2017: HK$27,256,000).

COMPARISON BETWEEN BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

As stated in the Prospectus, the principal business objective of our Group is to further strengthen our position in the architectural services industry in Hong Kong in order to achieve sustainable growth in our business and create long-term shareholder's value. We will continue to play an active role in seeking opportunities in the architectural and structural engineering consultancy service industry in Hong Kong in order to achieve sustainable growth in our business and create long-term shareholder's value.

The Group plans to achieve this objective by capitalising on the network of our pre-IPO investor and increasing our capacity through our recruitment plan and upgrading computer system and software.

Business Objectives as stated in the Prospectus	Actual Business Progress during the financial year ended 31 March 2018
Capitalising on the network of our pre-IPO investor	During the financial year ended 31 March 2018, the pre-IPO investor introduced a project to the Group with contract sum over HK$33 million. Such project is still on-going and expected to be completed in 2018. Besides this, the pre-IPO investor keeps introducing potential customers and professional staff to the Group to support the development of the Group. At the same time, the chairman and other directors and senior management of the Group will keep exploring and capture valuable opportunities to the Group, despite under risks applicable to general environment including interest rate risk, political risk and demand and supply in the market. The directors and senior management will keep working hard to provide high level of services to our customers.
Increasing our capacity through our recruitment plan and upgrading computer system and software	Since listing, the Group started to recruit additional professional and supporting staff and 7 additional staff were employed since listing. On upgrading computer system and software, the Group was undergoing an analysis on the benefits, costs and time required on implementing various computer systems. Once the directors and senior management of the Group agree, the computer systems will be tested and put into production in due course. In this aspect, the directors believe that most importantly the competence of the staff recruited should be able to capture the needs of various projects, supported by various computer systems. So the Group will only recruit staff with adequate knowledge and experience, and it is mainly the reason why the recruitment plan is a bit fall behind the schedule as planned.

USE OF PROCEEDS

Among the net proceeds of approximately HK$25.1 million from the Placing, up to the latest practicable date for the purpose of this report, approximately HK$2.5 million has been used as general working capital of the Group, comprising (i) approximately HK$0.9 million as Directors' remuneration and staff salaries payment; and (ii) approximately HK$1.6 million as compliance and professional fee and general expenses. Also approximately HK$1.4 million was used as salaries to recruit additional staff since listing to support the expansion of business and approximately HK$2.2 million was used to purchase new property, plant and equipment. The remaining balance of HK$19.0 million was kept in the Company's bank account. The Directors do not intend to change the intended usage of the proceed as disclosed in the Prospectus.

SUBSIDIARIES

A list of subsidiaries together with their places of operations and incorporation and particulars of their issued share capital are out in note 14 to the consolidated financial statements.

DIRECTORS

The Directors of the Company during the year ended 31 March 2018 and up to the date of the report were:

Executive Directors

Mr. Poon Kai Kit Joe *(Chairman)*
Ms. Chan Ka Yee
Mr. Fok Yat Cheong (Resigned on 16 June 2018)
Mr Cheung Hoi Chung (Appointed on 1 December 2017)
Mr. Sun Xiao Li (Appointed on 17 January 2018)
Mr. Gu Jintai (Appointed on 13 April 2018)

Independent Non-executive Directors

Mr. Kong Kam Wang
Mr. Sung Hak Keung Andy
Mr. Wong Kai Tat

In accordance with articles of the Company's Articles of Association, Ms. Chan Ka Yee, Mr Cheung Hoi Chung, Mr. Sun Xiao Li, Mr. Gu Jintai and Mr. Kong Kam Wang will retire as Directors by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting (the "AGM").

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical information of Directors and senior management of the Group are set out from pages 29 to 32 of this annual report.

DIRECTORS' SERVICE CONTRACTS

The Independent Non-executive Directors were appointed for a fixed term of three years under a letter of appointment issued by our Company. Their appointment is renewable from each general meeting on which he is standing for re-election and is subject to (i) the rotation, removal, vacation or termination of his office as a Director or disqualification at act as a Director as set out in the applicable laws, the articles of association of the Company and the GEM Listing Rules; and (ii) the terms of the letter of appointment.

There have been no service contracts entered into by the Company with any of the Directors which contain an unexpired period which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT AND CONTRACTS

Save as disclosed in the Company's Prospectus and the related party transactions as set out in note 25 to the consolidated financial statements, none of the Directors or entities connected with any of them has or had any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during, or at the end of, the year ended 31 March 2018.

Save as disclosed in the Prospectus, there were no arrangements subsisting during, or at the end of, the year ended 31 March 2018 to which the Company, its subsidiary(ies), its controlling shareholder(s), or the subsidiary(ies) of its controlling shareholder(s) is a party and whose objects were, or one of whose objects was, to enable Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the Prospectus, there were no contracts of significance between the Company or any of its subsidiaries and the controlling Shareholders of the Company subsisting during the year ended 31 March 2018.

DONATION

During the year ended 31 March 2018, the Group did not make any donation (2017: HK$650,000).

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance covering Director's and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of Hong Kong Companies Ordinance when the Directors' Report prepared by the Directors is approved in accordance with section 391 of Hong Kong Companies Ordinance.

MANAGEMENT CONTRACTS

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

EMOLUMENT POLICY

The remuneration committee was established for reviewing and determining the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, the time devoted to the Group and the performance of the Group. The Directors may also receive options to be granted under a share option scheme. The Company has conditionally adopted a share option scheme. The details of the share option scheme are set out in the paragraph headed "Share Option Scheme" below.

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in notes 9 and 10 to the consolidated financial statements.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting is scheduled for Friday 21 September 2018. In order to determine entitlements to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 18 September 2018 to Friday 21 September 2018 (both dates inclusive), during which period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Monday 17 September 2018.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2018, the interests and short positions of the Directors and chief executives of the Company (the "Chief Executives") in the ordinary shares with a par value of HK$0.01 each in the Company ("Shares"), underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer set out in rules 5.46 of the GEM Listing Rules (the "Required Standard of Dealings") were as follows:

Long position in Shares and underlying shares

Name of Directors	Capacity/Nature of interests	Number of share held (Note 3)	Approximate percentage of issued share capital (Note 2)
Mr. Poon Kai Kit Joe (Note 1)	Interest of a controlled corporation	196,000,000 (L)	46.89%
Ms. Chan Ka Yee (Note 1)	Interest of a controlled corporation	196,000,000 (L)	46.89%

Long position in ordinary shares of Energetic Way Limited ("Energetic Way") (Note 4)

Name of Directors	Capacity/Nature of interests	Number of share held (Note 3)	Approximate percentage of issued share capital (Note 2)
Mr. Poon Kai Kit Joe (Note 1)	Beneficial Interest/Interest of Spouse	2 (L) (Note 4)	100%
Ms. Chan Ka Yee (Note 1)	Beneficial Interest/Interest of Spouse	2 (L) (Note 4)	100%

Notes:

1. 196,000,000 shares were registered in the name of Energetic Way Limited, which was owned as to 50% by Mr. Poon Kai Kit Joe ("Mr. Poon") and 50% by Ms. Chan Ka Yee ("Ms. Chan), spouse of Mr. Poon. Under the SFO, Mr. Poon and Ms. Chan were deemed to be interested in the shares held by Energetic Way Limited by virtue of Energetic Way Limited being controlled by Mr. Poon and Ms. Chan.

2. The percentage is calculated on the basis of 418,000,000 shares of the Company in issue as at 31 March 2018.

3. The letter "L" denotes the entity's/person's long position in the shares.

4. Each of Mr. Poon and Ms. Chan was beneficially interested in 1 ordinary share of Energetic Way and each of Mr. Poon and Ms. Chan, being spouse of each other, was also deemed to be interested in the 1 ordinary share held by Ms. Chan and Mr. Poon respectively.

Save as disclosed above, as at 31 March 2018, none of the Directors or the Chief Executives had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Required Standard of Dealings.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2018, so far as is known to the Directors and the Chief Executives and based on the public records filed on the website of the Stock Exchange and records kept by the Company, the interests and short positions of the persons or corporations (other than the Directors and the Chief Executives) in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	**Capacity/Nature of interests**	**Number of share capital** (Note 2)	**Approximate percentage of issued share held** (Note 3)
Energetic Way Limited (Note 1)	Beneficial interest	196,000,000 (L)	46.89%
Ke Yuexian	Beneficial interest	83,624,000 (L)	20.01%
Cheung Tuen Ting	Beneficial interest/Interest of Spouse	24,000,000 (L) (Note 4)	5.74%
Wang Chang Yu Judy	Beneficial interest/Interest of Spouse	24,000,000 (L) (Note 4)	5.74%

Notes:

1. 196,000,000 shares were registered and owned by Energetic Way Limited, of which 50% of the issued share capital was legally and beneficially owned by Mr. Poon and 50% by Ms. Chan, spouse of Mr. Poon. Therefore, Mr. Poon and Ms. Chan were deemed to be interested in the shares held by Energetic Way Limited by virtue of Energetic Way Limited being controlled by Mr. Poon and Ms. Chan.

2. The letter "L" denotes the person's/entity's long position in the shares.

3. The percentage is calculated on the basis of 418,000,000 shares of the Company in issue as at 31 March 2018.

4. Mr. Cheung Tuen Ting ("Mr. Cheung") and Ms. Wang Chang Yu Judy ("Ms. Wang") directly held 14,000,000 and 10,000,000 shares in the Company respectively. In light of the spousal relationship between Mr. Cheung and Ms. Wang, both of them are deemed interested in the shares of the Company directly held by each other.

Save as disclosed above, as at 31 March 2018, there was no person or corporation (other than the Directors and the Chief Executives) who had any interest or short position in the Shares or underlying Shares as recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

OTHER INTERESTS DISCLOSEABLE UNDER THE SFO

Save as disclosed above, so far as is known to the Directors, there was no other person who had interest or short position in the Shares and underlying Shares that is discloseable under Chapter 18 of the GEM Listing Rules.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed "INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION" and "SHARE OPTION SCHEME" in this report, at no time during year ended 31 March 2018 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

Save as disclosed above, at no time during the year ended 31 March 2018 had the Directors and the Chief Executives (including their spouses and children under 18 years of age) any interest in, or been granted, or exercised any rights to subscribe for the Shares (or warrants or debentures, if applicable) and its associated corporations (within the meaning of the SFO).

PURCHASE, REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SHARES ISSUED FOR THE YEAR ENDED 31 MARCH 2018

No Share was issued during the year ended 31 March 2018.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS AND SIMILAR RIGHTS

No convertible securities, options, warrants and similar rights were issued or granted by the Group during the year ended 31 March 2018.

SHARE OPTION SCHEME

The purpose of the share option scheme is to enable the Company to grant options to any employee, adviser, consultant, agent, contractors, client, supplier, customer and/or such other person, who in the sole discretion of the Board has contributed or may contribute to our Group (the "Eligible Participant"). The Company conditionally adopted a share option scheme (the "Scheme") on 21 November 2016 which has become effective since 12 December 2016 (the "Effective Date") whereby the Board are authorised, at their absolute discretion and subject to the terms of the Scheme, to grant options to subscribe for the shares of the Company to the Eligible Participant. The Scheme will be valid and effective for a period of ten years commencing from the Effective Date. Terms used below shall have the same meaning as those defined in the section "D. Share Option Scheme" in Appendix IV to the Prospectus.

An offer of the grant of option(s) shall be made to an Eligible Participant by letter in such form as the Board may from time to time determine requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Scheme and shall remain open for acceptance by the Eligible Participant concerned until 5:00 p.m. on the 20th business days following the Offer Date provided that no such offer shall be open for acceptance after the Scheme Period or after the Scheme has been terminated.

An Option shall be deemed to have been granted and accepted when the duplicate of the offer letter as referred to above comprising acceptance of the Option duly signed by the Grantee together with a remittance in favour of our Company of HK$1.00 or any other amount as determined by the Board by way of consideration for the grant thereof is received by our Company within the period open for acceptance referred to above. Such remittance shall in no circumstances be refundable.

The subscription price for the shares subject to Options will be a price determined by the Board and notified to each participant and shall be the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the grant of option, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of offer of the grant of option; and (iii) the nominal value of a share.

As at the date of this report, the maximum number of shares available for issue under the Scheme is 41,800,000 shares, representing approximately 10% of the issued share capital of the Company as at the date of adoption of the Scheme.

The Company may at any time refresh such limit, subject to the shareholders' approval and issue of a circular in compliance with the GEM Listing Rules, provided that the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the shares in issue at the time of refreshment. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

The total number of shares issued and to be issued upon exercise of the options granted and to be granted to each Eligible Participant (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other share option scheme of the Company in any 12-month period up to and including the date of offer of the grant of option shall not exceed 1% of the total number of shares in issue for the time being. Any further grant of options in excess of this limit is subject to shareholder's approval in general meeting.

As at the date of this report and since the adoption of the Scheme, no share option has been granted by the Company.

REMUNERATION OF DIRECTORS, SENIOR MANAGEMENT AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors, senior management and five individuals with highest emoluments are set out in notes 9 and 10 to the consolidated financial statements respectively.

COMPETING INTERESTS

As at 31 March 2018, none of the Directors, the controlling Shareholders and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group and none of them had or may have any other conflicts of interest with the Group.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 March 2018, the Company did not enter into any connected transactions which required reporting, annual review, announcements and/or independent shareholders' approval under the GEM Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2018, there were two customers with revenue contribution over 10% of the total revenue of the Group, in which the largest customer contributed 41.6% of the total revenue of the Group.

For the year ended 31 March 2018, the aggregate revenue to the top five customers of the Group accounted for approximately 58% (2017: 29%) of the Group's total revenue.

As far as the Directors aware, neither the Director nor their associates nor any shareholder (which to the knowledge of Directors own more than 5% of the Company's issued share capital) had any interest in that customer of the Group.

Due to the nature of the Group's business activities, the Group has no supplier.

RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into by the Group are set out in note 25 to the consolidated financial statements.

During the year ended 31 March 2018, the Group monitored services provided to and subcontracting services provided from a related party with an executive Director of the Company. Since the applicable ratios of the annual caps of services provided to and subcontracting services provided from for each of them is less than 5% and less than HK$3,000,000, these transactions fall within the exemption under Rule 20.74(1) of the GEM Listing Rules and no reporting, announcement and independent shareholders' approval are required.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the Independent Non-executive Directors to be independent.

INTEREST OF COMPLIANCE ADVISER

As at 31 March 2018, neither Ample Capital Limited, the compliance adviser of the Company, nor any of its directors, employees or associates had any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) pursuant to rule 6A.32 of GEM Listing Rules.

EVENT AFTER THE REPORTING PERIOD

Up to the date of results announcement and annual report issuance of the Company, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors after the year ended 31 March 2018.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2018 (2017: Nil).

CORPORATE GOVERNANCE

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules. A report on the principal corporate governance practices adopted by the Company is set out from pages 7 to 15 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

AUDITORS

Crowe Horwath (HK) CPA Limited has changed its name to Crowe (HK) CPA Limited. Accordingly, the independent auditor's report is now signed under the new name.

Crowe (HK) CPA Limited acted as the auditor of the Company and audited the Group's consolidated financial statements for the financial year ended 31 March 2018.

The consolidated financial statements for the year ended 31 March 2018 have been audited by the Company's auditor, Crowe Horwath (HK) CPA Limited, who shall retire and, being eligible, offer themselves for re-appointment at the AGM. A resolution for the re-appointment of Crowe (HK) CPA Limited as auditor of the Company will be proposed at the AGM.

On behalf of the board

Poon Kai Kit Joe
Chairman

Hong Kong, 27 June 2018

Crowe

國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
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Causeway Bay, Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KNK HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of KNK Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 50 to 91, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year the ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Revenue recognition on contract work and amounts due from/(to) customers for contract work
Refer to notes 5 and 16 to the consolidated financial statements and the accounting policies on page 62.

The Key Audit Matter	How the matter was address in our audit
We identified the revenue recognition on contract work and amounts due from/to customers for contract work as a key audit matter as they are significant to the consolidated financial statements as a whole and significant management's estimations and judgments are involved in the determination of the total outcome of contract revenue and contract costs and the percentage of completion. The Group recognises contract revenue and costs by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Accordingly, revenue recognition involves a significant degree of judgment, with estimates being made to assess the total contract costs and stage of completion of the contract and provide appropriately for loss making contracts. Management reviews and revises the estimates of contract costs for the comprehensive architectural services as the contract progresses, the actual outcome of the contract in terms of its total costs may be higher or lower than the estimates and this will affect the revenue and profit recognised for the financial year.	Our procedures in relation to revenue recognition on contract work and amounts due from/(to) customers for contract work included: – Evaluating the design, implementation and operating effectiveness of key internal controls which govern revenue recognition; – Assessing the accuracy of the forecasted revenue by agreeing to the contract sum as set out in the contracts on a sample basis; – Assessing the accuracy of the staff costs allocated to selected contracts with reference to the data extracted from the Group's timesheet recording system to evaluate the reasonableness of the total cost incurred for work performed to date which is one of the inputs used to determine the percentage of completion of individual contracts; – Agreeing the contract costs, on a sample basis, incurred to date to the subcontractor invoices; – Checking the accuracy of the amounts due from/to customers for contract works by agreeing the actual cost incurred and progress billing acknowledged by the customers for the year to the invoices on a sample basis; – Performing comparisons between the percentage of completion and the percentage of progress billing on selected contracts to identify and investigate any significant differences; and – Obtaining confirmations, on a sample basis, from major customers of the Group to confirm revenue recognised during the year and, for unreturned confirmations, performing alternative procedures by comparing details with contracts, bank-in-slips and other underlying project related documentation.

Recoverability of trade receivables

Refer to note 15 to the consolidated financial statements and the accounting policies on pages 57 to 59.

The Key Audit Matter	How the matter was address in our audit
We identified the recoverability of trade receivables as a key audit matter due to the use of judgment and estimates by the management of the Company in determining the allowance for doubtful debts or write offs of uncollectable bad debts. In determining the allowance for doubtful debts and write offs of bad debts, the management of the Company has considered the collectability and aging analysis of individual trade receivables. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, taking into account the current creditworthiness, and the past collection history of each customer.	Our procedures in relation to recoverability of trade receivables included: – Testing the aging analysis of trade receivables on a sample basis, to the source documents; – Checking subsequent settlement of trade receivables to the source documents; and – Discussing with the management and evaluating their assessment of the recoverability of trade receivables, in particular those aged over one year with no or minimal settlement of the balances during the year or subsequent to the end of the reporting period.

Information other than the consolidated financial statements and auditor's report thereon

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements *(continued)*

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

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

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

The engagement director on the audit resulting in this independent auditor's report is Sze Chor Chun, Yvonne.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 27 June 2018

Sze Chor Chun, Yvonne
Practising Certificate Number P05049

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Note	**2018** **HK$'000**	2017 HK$'000
Revenue	5	**40,016**	33,178
Cost of services rendered		**(22,523)**	(12,524)
Gross profit		**17,493**	20,654
Other income	6	**341**	–
General and administrative expenses		**(7,590)**	(5,295)
Listing expenses		**–**	(5,226)
Profit before taxation	7	**10,244**	10,133
Income tax	8	**(2,216)**	(2,732)
Profit for the year attributable to owners of the Company		**8,028**	7,401
Other comprehensive income for the year		**–**	–
Total comprehensive income for the year attributable to owners of the Company		**8,028**	7,401
Earnings per share	12		
Basic		**HK1.92 cents**	HK2.30 cents
Diluted		**HK1.92 cents**	HK2.30 cents

The notes on pages 54 to 91 form part of these financial statements.

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	13	**1,258**	1,689
Current assets			
Trade and other receivables	15	**7,724**	3,570
Amounts due from customers for contract work	16	**997**	1,232
Tax recoverable	19(a)	**–**	77
Cash and cash equivalents	17	**44,831**	51,286
		53,552	56,165
Current liabilities			
Trade and other payables	18	**3,501**	2,161
Amounts due to customers for contract work	16	**322**	600
Current taxation	19(a)	**461**	–
		4,284	2,761
Net current assets		**49,268**	53,404
Non-current liabilities			
Deferred tax liabilities	19(b)	**59**	114
Net assets		**50,467**	54,979
Capital and reserves			
Share capital	20(b)	**4,180**	4,180
Reserves		**46,287**	50,799
Total equity		**50,467**	54,979

The financial statements were approved and authorised for issue by the board of directors on 27 June 2018 and are signed on its behalf by:

Mr. Poon Kai Kit Joe	**Ms. Chan Ka Yee**
Director	*Director*

The notes on pages 54 to 91 form part of these financial statements.

		Attributable to owners of the Company				
	Note	**Share capital** HK$'000	**Share premium** HK$'000	**Other reserve** HK$'000	**Retained profits** HK$'000	**Total equity** HK$'000
Balance at 1 April 2016		–	–	5,000	4,613	9,613
Profit and total comprehensive income for the year		–	–	–	7,401	7,401
Shares issued pursuant to capitalisation issue	20(b)(ii)	2,800	(2,800)	–	–	–
Issue of shares by way of placing	20(b)(iii)	1,380	39,882	–	–	41,262
Transaction costs attributable to issue of new shares		–	(3,297)	–	–	(3,297)
Balance at 31 March 2017		4,180	33,785	5,000	12,014	54,979
Balance at 1 April 2017		4,180	33,785	5,000	12,014	54,979
Profit and total comprehensive income for the year		–	–	–	8,028	8,028
Dividends declared in respect of the current year	11	–	–	–	(12,540)	(12,540)
Balance at 31 March 2018		4,180	33,785	5,000	7,502	50,467

The notes on pages 54 to 91 form part of these financial statements.

	Note	2018 HK$'000	2017 HK$'000
Operating activities			
Profit before taxation		**10,244**	10,133
Adjustments for:			
Listing expenses		**–**	5,226
Depreciation of property, plant and equipment		**431**	13
Interest income		**(34)**	–
Loss on write off on property, plant and equipment		**–**	5
Impairment loss on trade receivables		**21**	–
		10,662	15,377
Changes in working capital			
Decrease/(increase) in amounts due from customers for contract work		**235**	(131)
(Increase)/decrease in trade and other receivables		**(4,175)**	4,645
Decrease in amounts due to customers for contract work		**(278)**	(950)
Increase/(decrease) in trade and other payables		**1,340**	(3,053)
Cash generated from operations		**7,784**	15,888
Hong Kong Profits Tax paid	19(a)	**(1,733)**	(3,348)
Net cash generated from operating activities		**6,051**	12,540
Investing activities			
Interest received		**34**	–
Net cash generated from investing activities		**34**	–
Financing activities			
Dividends paid		**(12,540)**	–
Proceeds from issue of new shares		**–**	37,965
Payment for listing expenses		**–**	(6,349)
Net cash (used in)/generated from financing activities		**(12,540)**	31,616
Net (decrease)/increase in cash and cash equivalents for the year		**(6,455)**	44,156
Cash and cash equivalents at beginning of the year		**51,286**	7,130
Cash and cash equivalents at end of the year	17	**44,831**	51,286

The notes on pages 54 to 91 form part of these financial statements.

1. GENERAL INFORMATION

KNK Holdings Limited (the "Company") was incorporated and registered as an exempted company with limited liability on 29 July 2015 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised of the Cayman Islands (the "Cayman Companies Law") and acts as an investment holding company. The addresses of the registered office and principal place of business of the Company are Cricket Square Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Unit E, 33/F., Legend Tower, 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong respectively.

On 12 December 2016, the shares of the Company were listed on the GEM of The Stock Exchange of Hong Kong Limited.

The principal activity of the Group is engaged in the provision of comprehensive architectural and structural engineering consultancy service.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2018 comprise the Company and its subsidiaries (together referred to as the "Group").

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and the Group's presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

b) Basis of preparation of the financial statements *(Continued)*

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(f)(ii)).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

d) Property, plant and equipment

Property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses (see note 2(f)(ii)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

–	Leasehold improvements	Over the term of the lease
–	Office equipment	5 years
–	Furniture and fixtures	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in profit or loss during the reporting period in which they are incurred.

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

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

e) Lease assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

e) Lease assets *(Continued)*

ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal Instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged as expenses in the accounting period in which they are incurred.

iii) Lease income from operating lease where the Group is a lessor is recognised in income statement in equal installments over the accounting periods covered by the lease term.

f) Impairment of assets

i) Impairment of receivables

Current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

f) Impairment of assets *(Continued)*

i) Impairment of receivables *(Continued)*

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment; and

– investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount
  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses
  An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the cash-generating unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

f) Impairment of assets *(Continued)*

ii) Impairment of other assets *(Continued)*

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited, the Group is required to prepare a quarterly financial report in respect of each quarter of the financial year. At the end of the quaterly period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(f)(i) and (ii)).

g) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 2(f)(i)).

h) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, having been within three months of maturity at acquisition.

j) Employee benefits

i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to Mandatory Provident Fund as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to profit or loss when incurred.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

j) Employee benefits *(Continued)*

ii) Termination benefits

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

k) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the asset and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

k) Income tax *(Continued)*

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

l) 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, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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, whose existence 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

i) **Provision for comprehensive architectural and structural engineering consultancy service**

Revenue is recognised on the percentage of completion method, measured based on the proportion that contract costs incurred from work performed to date relative to the estimated total contract costs.

ii) **Rental income from operating leases**

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

iii) **Interest income**

Interest income is recognised as it accrues using the effective interest method.

n) Contracts of comprehensive architectural and structural engineering consultancy service

Where the outcome of a contract of comprehensive architectural and structural engineering consultancy service can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a contract of comprehensive architectural and structural engineering consultancy service cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses 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 contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as ‘’Amounts due from customers for contract work”. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as “Amounts due to customers for contract work”. Amounts received before the related work is performed are included in the consolidated statement of financial position as a liability and are shown as ‘’Advances received from customers” under ‘’Trade and other payables”. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under ‘’Trade and other receivables”.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

o) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

p) 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 the key management personnel of the Group or the Group's parent.

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

   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 employees of either the Company or an entity related to the Group.

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

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

   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.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

q) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the directors of the Company (the chief operating decision maker) for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The application of these amendments has had no impact on the Group's consolidated financial statements.

Amendments to HKAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments provide guidance on how an entity determines, in accordance with HKAS 12 Income Taxes, whether to recognise a deferred tax asset in relation to unrealised losses of a debt instrument that is measured at fair value under certain specific facts and circumstances, such as it is probable that all the contractual cash flows of the debt instrument will be collected and any gains/losses on the debt instrument are taxable (deductible only when realised).

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKFRS 12 As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

The Group has applied the amendments to HKFRS 12 included in the Annual Improvements to HKFRSs 2014-2016 Cycle for the first time in the current year. The amendments to HKAS 28 Investments in Associates and Joint Ventures included in the annual improvements are not yet mandatorily effective and they have not been early applied by the Group.

HKFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that except for summarised financial information, all other disclosure requirements under HKFRS 12 are applicable.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. ACCOUNTING JUDGMENTS AND ESTIMATES

The Group's financial position and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the consolidated financial statements. Management bases the assumptions and estimates on historical experience and on other factors that the management believes to be reasonable and which form the basis for making judgments about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of significant accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reporting results to changes in conditions and assumptions are factors to be considered when reviewing the consolidated financial statements. The significant accounting policies are set out in note 2 above. Management believes the following significant accounting policies involve the most significant judgments and estimates used in the preparation of the consolidated financial statements.

a) Revenue recognition of contract work

The Group recognises contract revenue and profit from contracts of comprehensive architectural and structural engineering consultancy service according to the management's estimation of the total outcome of the projects as well as the percentage of completion of contract work. Estimated contract revenue is determined in accordance with the terms set out in the relevant contract. Contract cost, which mainly comprise sub-contracting charges and staff costs, are estimated by the management on the basis of quotations from time to time provided by the sub-contractors involved and the experience of the management. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for each contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

4. ACCOUNTING JUDGMENTS AND ESTIMATES *(Continued)*

b) Estimated impairment of trade and other receivables

Management estimates the recoverability of trade and other receivables based on objective evidence. When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

At 31 March 2018, the carrying amount of trade and other receivables (excluding deposits and prepayments) was approximately HK$7,303,000 (net of allowance for doubtful debts of HK$21,000) (2017: HK$3,114,000, net of allowance for doubtful debts of HK$Nil).

c) Estimated impairment of property, plant and equipment

If circumstances indicate that the carrying amount of property, plant and equipment may not be recoverable, the assets may be considered ''impaired", and an impairment loss may be recognised to reduce the carrying amount to the recoverable amount in accordance with the accounting policy for impairment of these assets as described in note 2(f)(ii). The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to level of revenue and amount of operating costs. The Company uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

At 31 March 2018, the carrying amount of property, plant and equipment of the Group was HK$1,258,000 (2017: HK$1,689,000).

d) Income tax and deferred taxation

The Group is subject to income tax in Hong Kong. Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determinations are uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional tax will be due. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences may impact the income tax and deferred tax provisions in the reporting period in which such determinations are made.

Deferred tax assets relating to certain temporary differences and certain tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred tax charges in the periods in which such estimate is changed.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the contract revenue from provision for comprehensive architectural and structural engineering consultancy service including licensing consultancy, alteration and addition works and minor works consultancy, inspection and certification and other architecture related consultancy.

The amounts of revenue recognised during the year is as follows:

	2018	2017
	HK$'000	HK$'000
Contract revenue from provision for comprehensive architectural and structural engineering consultancy service	**40,016**	33,178

The Group's operation is mainly derived from provision for comprehensive architectural and structural engineering consultancy service. For the purpose of resources allocation and performance assessment, the chief operating decision marker (that is, the directors of the Company) reviews the overall results and financial position of the Group as a whole prepared in accordance with accounting policies which conform to HKFRSs. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

Geographical information

All of the Group's external revenue during the year are derived from services rendered in Hong Kong, the place of domicile of the Group's operating entities. Since all of the non-current assets employed by the Group are located in Hong Kong, no geographical information is presented accordingly.

Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Group are as follows:

	2018	2017
	HK$'000	HK$'000
Customer A (note (i))	**16,652**	400
Customer B (note (i))	**4,057**	–

Note:

i) The corresponding revenue did not contribute 10% or more of the Group's total revenue during the year ended 31 March 2017.

6. OTHER INCOME

	2018 HK$'000	2017 HK$'000
Interest income on bank deposits	**34**	–
Total interest income on financial assets not at fair value through profit or loss	**34**	–
Rental income from operating leases, other than those relating to investment properties	**307**	–
	341	–

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2018 HK$'000	2017 HK$'000
a) Staff cost (including directors' remuneration)		
Salaries, wages and other benefits	**12,038**	10,072
Contributions to defined contribution retirement plan	**272**	244
Total staff costs	**12,310**	10,316
Less: Amount included in cost of services rendered	**(9,483)**	(8,150)
Total staff costs included in general and administrative expenses	**2,827**	2,166
b) Other items		
Auditor's remuneration	**450**	400
Depreciation of property, plant and equipment	**431**	13
Impairment losses on trade receivables	**21**	–
Operating lease charges for office premise	**874**	600
Loss on written off on property, plant and equipment	**–**	5

8. INCOME TAX

a) Income tax recognised in profit or loss

	2018 **HK$'000**	2017 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year (note 19(a))	**2,271**	2,509
Deferred taxation		
Origination and reversal of temporary differences (note 19(b))	**(55)**	223
Income tax expenses	**2,216**	2,732

The provision for Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) of the estimated assessable profit for the year, taking into account a reduction granted by the Hong Kong SAR Government of 75% of the tax payable for the year of assessment 2017-2018 subject to a maximum reduction of HK$30,000 (2017: HK$20,000) for each business.

The Company and its subsidiaries which were incorporated in the Cayman Islands and the British Virgin Islands, respectively, are not subject to any income tax pursuant to the rules and regulations of their countries of incorporation.

b) Reconciliation between income tax expenses and accounting profit at applicable tax rate is as follows:

	2018 **HK$'000**	2017 HK$'000
Profit before taxation	**10,244**	10,133
Notional tax on profit before taxation, calculated at the statutory tax rates applicable to the respective tax jurisdictions	**1,690**	1,672
Tax effect of non-deductible expenses	**592**	1,080
Tax effect of non-taxable income	**(6)**	–
Statutory tax concession	**(60)**	(20)
Actual tax expenses	**2,216**	2,732

9. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

	Year ended 31 March 2018				
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$"000	Discretionary bonus HK$'000 (note (vi))	Contributions to defined contribution retirement plan HK$'000	Total HK$'000
Executive directors					
Mr. Poon Kai Kit Joe (note (i))	–	1,800	150	18	1,968
Ms. Chan Ka Yee	216	–	–	–	216
Mr. Fok Yat Cheong (note (ii))	216	–	–	–	216
Mr. Cheung Hoi Chung (note (iii))	72	–	–	–	72
Mr. Sun Xiao Li (note (iv))	45	–	–	–	45
Independent non-executive directors					
Mr. Kong Kam Wang	156	–	–	–	156
Mr. Sung Hak Keung Andy	156	–	–	–	156
Mr. Wong Kai Tat	156	–	–	–	156
	1,017	1,800	150	18	2,985

9. DIRECTORS' EMOLUMENTS *(Continued)*

	Year ended 31 March 2017				
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$"000	Discretionary bonus HK$'000 (note (vi))	Contributions to defined contribution retirement plan HK$'000	Total HK$'000
Executive directors					
Mr. Poon Kai Kit Joe (note (i))	–	1,800	300	18	2,118
Ms. Chan Ka Yee	72	–	–	–	72
Mr. Fok Yat Cheong	72	–	–	–	72
Independent non-executive directors					
Mr. Kong Kam Wang (note (v))	52	–	–	–	52
Mr. Sung Hak Keung Andy (note (v))	52	–	–	–	52
Mr. Wong Kai Tat (note (v))	52	–	–	–	52
	300	1,800	300	18	2,418

Notes:

i) Mr. Poon Kai Kit Joe is the Chairman of the board of directors of the Company.

ii) Mr. Fok Yat Cheong resigned as an executive director on 16 June 2018.

iii) Mr. Cheung Hoi Chung was appointed as an executive director on 1 December 2017.

iv) Mr. Sun Xiao Li was appointed as an executive director on 17 January 2018.

v) Mr. Kong Kam Wang, Mr. Sung Hak Keung, Andy and Mr. Wong Kai Tat were appointed as independent non-executive directors on 21 November 2016.

vi) Discretionary bonus is determined by the directors of the Company by reference to the individual performance and contribution to the Group.

No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the year. No director waived or agreed to waive any emoluments during the year.

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals of the Group during the year included one (2017: one) director of the Company, whose emoluments are disclosed in note 9. Details of the emoluments paid to the remaining four (2017: four) highest paid individuals during the year, are as follows:

	2018	2017
	HK$'000	HK$'000
Salaries, allowance and benefits in kind	**2,816**	2,201
Discretionary bonus (note)	**1,021**	1,154
Contributions to defined contribution retirement plan	**87**	90
	3,924	3,445

Note: Discretionary bonus is determined by the directors of the Company by reference to the individual performance and contribution to the Group.

The emoluments of the above four (2017: four) individuals with the highest emoluments are within the following bands:

	2018	2017
	Number of individuals	Number of individuals
Nil to HK$1,000,000	**2**	3
HK$1,000,001 to HK$1,500,000	**2**	1
	4	4

No emoluments were paid or payable by the Group to these employees as an inducement to join or upon joining the Group or as compensation for loss of office during the year. None of these employees waive or agreed to waive any emoluments during the year.

11. DIVIDENDS

Dividends payable to owners of the Company attributable to the year:

	2018	2017
	HK$'000	HK$'000
Interim dividend declared and paid of HK3 cents per ordinary share (2017: HKNil cents per ordinary share)	**12,540**	–

The directors of the Company do not recommend the payment of a final dividend for both years ended 31 March 2017 and 2018.

12. EARNINGS PER SHARE

a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company for the year ended 31 March 2018 of HK$8,028,000 (2017: HK$7,401,000) and the weighted average number of ordinary shares of the Company in issue during the year, calculated as follows:

	2018 Number of shares	2017 Number of shares
Weighted average number of ordinary shares	**418,000,000**	321,589,041

b) Diluted earnings per share

For both the years ended 31 March 2018 and 2017, diluted earnings per share equals to basic earnings per share as there was no potential dilutive ordinary shares in issue.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	**Office equipment** HK$'000	**Furniture and fixtures** HK$'000	**Total** HK$'000
Cost				
At 1 April 2016	859	301	127	1,287
Additions	691	–	992	1,683
Written off	(859)	(292)	(127)	(1,278)
At 31 March 2017, 1 April 2017 and 31 March 2018	691	9	992	1,692
Accumulated depreciation				
At 1 April 2016	859	292	112	1,263
Charge for the year	–	2	11	13
Written off	(859)	(291)	(123)	(1,273)
At 31 March 2017 and 1 April 2017	–	3	–	3
Charge for the year	230	2	199	431
At 31 March 2018	230	5	199	434
Carrying amount				
At 31 March 2018	461	4	793	1,258
At 31 March 2017	691	6	992	1,689

14. SUBSIDIARIES

Details of the Company's subsidiaries at 31 March 2018 are as follows:

Name of the company	Place of incorporation	Place of operation	Particular of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Energetic Tree Limited ("Energetic Tree")	British Virgin Islands	note (i)	100 ordinary shares of US$1	100%	100%	–	Investment holding
Lucky Unicorn Holdings Limited ("Lucky Unicorn")	British Virgin Islands	note (i)	1 ordinary share of US$1	100%	100%	–	Investment holding
Golden Legend Consortium Limited ("Golden Legend")	British Virgin Islands	note (i)	1,000 ordinary shares of US$1	100%	100%	–	Investment holding
K & K Chartered Architect & Associates Limited ("KKCAAL")	Hong Kong	Hong Kong	2 ordinary shares	100%	–	100%	Provision of comprehensive architectural and structural engineering consultancy service
Global Crown Limited	Hong Kong	Hong Kong	1 ordinary share	100%	–	100%	Provision of comprehensive architectural and structural engineering consultancy service
Golden Legend Capital Limited	Hong Kong	N/A	10,000 ordinary shares	100%	–	100%	Not yet commenced business

Note:

(i) Energetic Tree, Lucky Unicorn and Golden Legend are investment holding companies which have no specific principal place of operation.

15. TRADE AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	**7,324**	3,114
Less: allowance for doubtful debts	**(21)**	–
Loans and receivables	**7,303**	3,114
Deposits and prepayments	**421**	456
	7,724	3,570

Deposits and prepayments expected to be recovered after more than one year is HK$242,000 (2017: HK$242,000). All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

15. TRADE AND OTHER RECEIVABLES *(Continued)*

a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables based on invoice date and net of allowance for doubtful debts is as follows:

	2018	2017
	HK$'000	HK$'000
Within 30 days	**6,336**	1,665
31 – 60 days	**534**	539
61 – 90 days	**91**	153
91 – 180 days	**321**	258
Over 180 days	**21**	499
	7,303	3,114

The Group does not allow any credit period to its customers. Further details on the Group's credit policy are set out in note 22(a).

b) Impairment of trade debtors

Impairment loss in respect of trade receivables is recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 2(f)(i)).

Movements in the allowance for doubtful debts

	2018	2017
	HK$'000	HK$'000
At 1 April	**–**	–
Impairment loss recognised	**21**	–
At 31 March	**21**	–

As at 31 March 2018, trade receivables of HK$21,000 (2017: HK$Nil) were individually determined to be impaired. The individually impaired receivables were outstanding for over 365 days at the end of the reporting period or were due from customers with financial difficulties. Accordingly, specific allowance for doubtful debts of HK$21,000 (2017: HK$Nil) were recognised.

15. TRADE AND OTHER RECEIVABLES *(Continued)*

c) Trade debtors that are not impaired

At 31 March 2018, included in the Group's trade receivables balances were debtors with aggregate carrying amount of HK$7,303,000 (2017: HK$3,114,000), which were past due at the end of each reporting period for which the Group has not provided for allowance for doubtful debts.

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2018 HK$'000	2017 HK$'000
Less than 30 days past due	**6,336**	1,665
More than 30 days but less than 90 days past due	**625**	692
More than 90 days but less than 180 days past due	**321**	258
More than 180 days past due	**21**	499
	7,303	3,114

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no allowance for doubtful debts is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully receivable. The Group does not hold any collateral over these balances.

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

	2018 HK$'000	2017 HK$'000
Contracts in progress at end of the reporting periods:		
Contracts costs incurred plus recognised profit less recognised losses	**46,291**	35,196
Less: Progress billings	**(45,616)**	(34,564)
	675	632
Analysed for reporting purpose as:		
Amounts due from customers for contract work	**997**	1,232
Amounts due to customers for contract work	**(322)**	(600)
	675	632

17. CASH AND CASH EQUIVALENTS

	2018	2017
	HK$'000	HK$'000
Cash at bank	**44,824**	51,283
Cash on hand	**7**	3
Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows	**44,831**	51,286

18. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	HK$'000
Trade payables	**2,103**	63
Accrued expenses and other payables	**1,398**	2,098
	3,501	2,161

As of the end of the reporting period, the ageing analysis of trade payables based on invoice date were as follows:

	2018	2017
	HK$'000	HK$'000
Within 30 days	**2,103**	–
31 – 60 days	**–**	–
61 – 90 days	**–**	–
91 – 180 days	**–**	–
Over 180 days	**–**	63
	2,103	63

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

19. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

a) (Current taxation)/tax recoverable in the consolidated statement of financial position represents:

	2018 **HK$'000**	2017 HK$'000
(Current taxation)/tax recoverable	**(461)**	77

The movements of (current taxation)/tax recoverable in the consolidated statement of financial position during the year are as follows:

	2018 **HK$'000**	2017 HK$'000
At beginning of the year	**77**	(762)
Provision for the year (note 8(a))	**(2,271)**	(2,509)
Income tax paid during the year	**1,733**	3,348
At end of the year	**(461)**	77

b) The components of deferred tax asset/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation HK$'000
At 1 April 2016	109
Charged to profit or loss for the year (note 8(a))	(223)
At 31 March 2017 and 1 April 2017	(114)
Credited to profit or loss for the year (note 8(a))	55
At 31 March 2018	(59)

20. CAPITAL AND RESERVES

a) The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Notes	Share capital HK$'000	Share premium HK$'000	(Accumulated losses)/ retained profits HK$'000	Total equity HK$'000
Balance at 1 April 2016		–	–	7	7
Loss and total comprehensive expense for the year		–	–	(6,536)	(6,536)
Shares issued pursuant to capitalisation issue	20(b)(ii)	2,800	(2,800)	–	–
Issue of shares by way of placing	20(b)(iii)	1,380	39,882	–	41,262
Transaction costs attributable to issue of new shares		–	(3,297)	–	(3,297)
Balance at 31 March 2017		4,180	33,785	(6,529)	31,436
Balance at 1 April 2017		4,180	33,785	(6,529)	31,436
Profit and total comprehensive income or the year		–	–	8,995	8,995
Dividends declared in respect of the current year	11	–	–	(12,540)	(12,540)
Balance at 31 March 2018		4,180	33,785	(10,074)	27,891

20. CAPITAL AND RESERVES *(Continued)*

b) Share capital

	2018 Number of shares '000	2018 Amount HK$'000	2017 Number of shares '000	2017 Amount HK$'000
Authorised:				
Ordinary shares of HK$0.01 each				
At beginning of the year	**2,000,000**	**20,000**	30,000	300
Increase during the year (note (i))	**–**	**–**	1,970,000	19,700
At end of the year	**2,000,000**	**20,000**	2,000,000	20,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
At beginning of the year	**418,000**	**4,180**	–	–
Share issued pursuant to capitalisation issue (note (ii))	**–**	**–**	280,000	2,800
Issue of shares by way of placing (note (iii))	**–**	**–**	138,000	1,380
At end of the year	**418,000**	**4,180**	418,000	4,180

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Notes:

i) Pursuant to the written resolutions passed by the shareholders of the Company on 21 November 2016, the authorised share capital of the Company was increased from HK$300,000 to HK$20,000,000 by the creation of additional 1,970,000,000 ordinary shares of HK$0.01 each.

ii) Pursuant to the written resolutions passed by the shareholders of the Company on 21 November 2016 and upon the crediting of the Company's share premium account as a result of the issue of the ordinary shares pursuant to the placing, the directors of the Company were authorised to capitalise an amount of approximately HK$2,799,999 standing to the credit of the share premium account of the Company by applying such sum towards the paying up in full at par a total of 279,999,900 ordinary shares of the Company for allotment and issue to the shareholders as of 21 November 2016, on a pro-rata basis.

iii) On 12 December 2016, the Company issued 138,000,000 shares with a par value of HK$0.01 each, at a price of HK$0.325 per share by way of placing. Net proceeds from placing amounted to HK$41,262,000 (after deducting the issuance costs of HK$3,588,000), out of which HK$1,380,000 and HK$39,882,000 were recorded in share capital and share premium respectively.

20. CAPITAL AND RESERVES *(Continued)*

c) Nature and purpose of reserves

i) Share premium

Under the Cayman Companies Law, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

ii) Other reserve

Other reserve represented the sum of (i) the difference between the issued share capital of KKCAAL (which were transferred to Energetic Tree pursuant to the group reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's shares on the GEM of the Stock Exchange ("Group Reorganisation")) and the newly issued share capital of Energetic Tree to Energetic Way Limited ("Energetic Way"); and (ii) the difference between the issued share capital and share premium of Energetic Tree and the newly issued share capital of the Company to Energetic Way and Alpha Advantage International Limited as a result of the share swap pursuant to the Group Reorganisation.

iii) Distributability of reserves

As at 31 March 2018, the Company's reserves available for distribution, calculated in accordance with the Cayman Companies Law, amounted to approximately HK$23,711,000 (2017: HK$27,256,000).

d) Capital management

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

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

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder's returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to capital structure in light of changes in economic conditions.

During 2018, the Group's strategy, which was unchanged from 2017, was to maintain the equity and debt in a balanced position and ensure there was adequate working capital to satisfy its debt obligations.

20. CAPITAL AND RESERVES *(Continued)*

d) Capital management *(Continued)*

As at 31 March 2017, the Group has no outstanding borrowings. The Group's capital structure is as follows:

	2018	2017
	HK$'000	HK$'000
Total equity	**50,467**	54,979

As part of this review, the Group's directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Company's directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt.

Neither the Company nor any of its subsidiaries is subject to any externally imposed capital requirements.

21. FINANCIAL INSTRUMENTS BY CATEGORIES

	2018	2017
	HK$'000	HK$'000
Financial assets		
Loans and receivables:		
– Trade and other receivables	**7,303**	3,114
– Cash and cash equivalents	**44,831**	51,286
	52,134	54,400
Financial liabilities		
Amortised cost:		
– Trade and other payables	**3,501**	1,746

22. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and currency risk. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

a) Credit risk

i) Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

22. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

a) Credit risk *(Continued)*

ii) The Group's credit risk is primarily attributable to trade receivables. In order to minimise the credit risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Ongoing credit evaluation is performed on the financial condition of debtors. These evaluations focus on the debtors' past history of making payments when due and current ability to pay, and take into account information specific to the debtor as well as pertaining to the economic environment in which the debtors operate. The Group does not allow any credit period to its debtors.

iii) The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor rather than the industry or country in which the debtors operate and therefore significant concentration of credit risk primarily arise when the Group has significant exposure to individual debtors. For the year ended 31 March 2018, the aggregate revenue to the top five customers of the Group accounted for approximately 58% (2017: 29%) of the Group's total revenue. Trade receivables from them as at 31 March 2018 amounted to approximately HK$5,813,000 (2016: HK$300,000), representing approximately 80% (2017: 10%) of the Group's total trade receivables as at 31 March 2018. The directors of the Company considered that the Group's credit risk on trade receivables is limited because these customers are certain reputable organisations which have a good track record with the Group and have no default of payment in the past.

iv) Cash are deposited with banks with sound credit rating. Given its high credit rating, management does not expect the bank will fail to meet its obligation and the concentration of credit risk can be mitigated.

v) The Group does not provide any guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 15.

b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the senior management when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants (if any), to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The contractual undiscounted cash flows of trade and other payables are required to be settled within one year or on demand, and the total contractual undiscounted cash flows of these financial liabilities are not materially different from their carrying amounts as at 31 March 2018 and 2017.

22. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

c) Interest rate risk

As at 31 March 2018 and 2017, the Group has no significant interest-bearing assets and liabilities which exposed the Group to interest rate risk.

d) Foreign currency risk

As at 31 March 2018 and 2017, the Group has no material financial instruments that were denominated in a currency other than the functional currency in which they measured and the Group does not have any foreign currency revenue and cost of services. As a result, no material foreign currency exchange risk is expected.

e) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2018 and 2017.

23. DEFINED CONTRIBUTION RETIREMENT PLAN

The Group operates a Mandatory Provident Fund Scheme (the ''MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

24. OPERATING LEASE COMMITMENTS

The Group as lessee

At 31 March 2018, the total future minimum lease payments under non-cancellable operating leases in respect of land and buildings are payable as follows:

	2018 **HK$'000**	2017 HK$'000
Within one year	**839**	839
After one year but within five years	**628**	1,467
	1,467	2,306

Operating lease payments represent rentals payable by the Group for its office. Lease and rental are negotiated and fixed for a period of three years. None of the lease includes contingent rental.

24. OPERATING LEASE COMMITMENTS *(Continued)*

The Group as lessor

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2018	2017
	HK$'000	HK$'000
Within one year	**294**	294
After one year but within five years	**220**	514
	514	808

The Group sublet its office under operating leases. Included in the above future minimum lease payments within one year of approximately HK$26,000 (2017: HK$26,000) and after one year but within five years of approximately HK$20,000 (2017: HK$46,000) are from two related parties. Lease and rental are negotiated and fixed for a period of three years. None of the leases includes contingent rentals.

25. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the financial statements, the Group also entered into the following material related party transactions with its related parties.

a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees of the Group as disclosed on note 10, are as follows:

	2018	2017
	HK$'000	HK$'000
Short-term employee benefits	**5,250**	4,920
Post-employment benefits	**105**	104
	5,355	5,024

25. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

b) Other related party transactions

In addition to the transactions detailed elsewhere in these financial statements, the Group also entered into the following material related party transactions with related parties during the year:

Name of related party	Relationship with the Company	Nature of transaction	2018 HK$'000	2017 HK$'000
Mr. Chan Tsz Chun (trading as "T & C Catering Project Consultants Company"	A brother of Ms. Chan Ka Yee, a director of the Company	Subcontracting charges paid by the Group	**474**	474
		Consultancy fee received by the Group	**(611)**	(358)
		Rental income received by the Group	**(24)**	–
Kin On Professional Construction Limited	A related company with same key management personnel	Rental income received by the Group	**(2)**	–

The terms and pricing policies are mutually agreed by management of both parties.

c) On 21 November 2016, the Company entered into a master subcontracting agreement and a master service agreement with Mr. Chan Tsz Chun (trading as "T & C Catering Project Consultants Company"), a brother of Ms. Chan Ka Yee, a director of the Company, for the period from 21 November 2016 to 31 March 2019 with annual caps of HK$500,000 and HK$500,000 respectively.

26. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 March 2018, the directors of the Company consider that the immediate and ultimate holding company to be Energetic Way Limited, a limited liability company incorporated in the BVI. Energetic Way Limited does not produce financial statements available for public use.

27. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	**2018**	2017
		HK$'000	HK$'000
Non-current assets			
Investments in subsidiaries		**–**	–
Current assets			
Prepayments		**106**	–
Cash and cash equivalents		**31,802**	34,763
		31,908	34,763
Current liabilities			
Other payables		**1,100**	210
Amount due to a subsidiary		**2,917**	3,117
		4,017	3,327
NET ASSETS		**27,891**	31,436
EQUITY	20(a)		
Share capital	20(b)	**4,180**	4,180
Reserves		**23,711**	27,256
TOTAL EQUITY		**27,891**	31,436

28. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2018

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2018 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts [1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[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
4 Effective for annual periods beginning on or after 1 January 2021

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. The preliminary assessment is detailed below. The Group will continue to assess the impact in more details.

HKFRS 9 "Financial instruments"

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, "Financial instruments: Recognition and measurement". HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. The Group considers that the initial application of HKFRS 9 will not have a significant impact on the Group's results of operations and financial position.

28. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2018 *(Continued)*

HKFRS 15 ''Revenue from Contracts with Customers"

HKFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 ''Revenue", HKAS 11 ''Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promise 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 or services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

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

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ''control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosure are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Group expects that the timing of revenue recognition of certain performance obligations may be affected.

The Group's revenue recognition policies are disclosed in note 2(m). Currently, revenue arising from provision for comprehensive architectural and structural engineering consultancy service is recognised over time.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identified 3 situations in which control of the promised good or service is regarded as being transferred over time:

a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

28. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2018 *(Continued)*

HKFRS 15 ''Revenue from Contracts with Customers'' *(Continued)*

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

The timing of revenue recognition of certain performance obligations identified in the Group's contracts may change from over time to point in time as they do not meet any of the 3 situations identified under HKFRS 15 for revenue recognition over time. However as these performance obligations are usually satisfied over a short period of time ranging from a few days to a few weeks, the Group does not anticipate any significant impact on its revenue recognition in any particular financial year.

The Group is now in the process of performing a detailed assessment of the impact resulting from the application of HKFRS 15 on its consolidated financial statements and there may be other aspects affected in addition to those disclosed above. The Group is also assessing the transition method it will take and whether to apply any practical expedients on transition.

HKFRS 16 ''Leases''

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (that is. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

28. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2018 *(Continued)*

HKFRS 16 ''Leases'' *(Continued)*

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for office premise which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 24, at 31 March 2018 the Group's future minimum lease payments under non-cancellable operating leases amounted to HK$1,467,000 for office premise, which is payable in two years after the reporting date. These amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard offers different transition options and practical expedients, including the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. If this practical expedient is chosen, the Group will apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. If the practical expedient is not chosen, the Group will need to reassess all of its decisions about which existing contracts are, or contain, leases, using the new definition. Depending on whether the Group elects to adopt the standard retrospectively or follow a modified retrospective method of recognising a cumulative effect adjustment to the opening balance of equity at the date of initial application, the Group may or may not need to restate comparative information for any changes in accounting resulting from the reassessment.

Since the Group does not enter into a significant amount of lease arrangement, the Group expects that the transition adjustment to be made upon the initial adoption of HKFRS 16 will not be material.

RESULTS

	Year ended 31 March				
	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000	**2018** **HK$'000**
REVENUE	20,413	26,374	29,334	33,178	**40,016**
Cost of services rendered	(9,891)	(8,153)	(10,368)	(12,524)	**(22,523)**
Other income	–	–	86	–	**341**
General and administrative expenses	(2,928)	(2,297)	(2,808)	(5,295)	**(7,590)**
Listing expenses	–	–	(7,658)	(5,226)	**–**
PROFIT BEFORE TAXATION	7,594	15,924	8,586	10,133	**10,244**
Income tax expenses	(1,244)	(2,608)	(2,662)	(2,732)	**(2,216)**
PROFIT FOR THE YEAR, ATTRIBUTABLE TO OWNERS OF THE COMPANY	6,350	13,316	5,924	7,401	**8,028**
Other comprehensive income for the year	–	–	–	–	**–**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, ATTRIBUTABLE TO OWNERS OF THE COMPANY	6,350	13,316	5,924	7,401	**8,028**
EARNINGS PER SHARE Basic and diluted	2.27 cents	4.76 cents	2.12 cents	2.30 cents	**1.92 cents**

ASSETS AND LIABILITIES

	As at 31 March				
	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000	**2018** **HK$'000**
Total assets	3,162	16,543	13,342	57,854	**54,810**
Total liabilities	(2,639)	(2,704)	(3,729)	(2,875)	**(4,343)**
Net assets	523	13,839	9,613	54,979	**50,467**