aeso

AESO HOLDING LIMITED
艾碩控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8341)

ANNUAL REPORT 2019

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This annual report, for which the directors ("Directors") of Aeso Holding Limited ("Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM ("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 annual 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 in this annual report misleading.

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CORPORATION INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Chan Siu Chung *(Chairman)*
Mr. Au Siu Kwong
Mr. Zhang Hai Wei

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yeung Chun Yue, David
Ms. Lai Wing Sze
Ms. Yu Wan Ki

COMPANY SECRETARY

Ms. Choi Mei Bik

COMPLIANCE OFFICER

Mr. Chan Siu Chung

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Yeung Chun Yue, David *(Chairman)*
Ms. Lai Wing Sze
Ms. Yu Wan Ki

REMUNERATION COMMITTEE

Ms. Lai Wing Sze *(Chairman)*
Mr. Chan Siu Chung
Mr. Yeung Chun Yue, David

NOMINATION COMMITTEE

Mr. Chan Siu Chung *(Chairman)*
Mr. Yeung Chun Yue, David
Ms. Lai Wing Sze

AUDITORS

HLB HODGSON IMPEY CHENG LIMITED
31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central, Hong Kong

AUTHORISED REPRESENTATIVES

Mr. Chan Siu Chung
Ms. Choi Mei Bik

REGISTERED OFFICE

4th Floor, Harbour Place
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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Sheung Wan
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman, KY1-1002
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

COMPANY WEBSITE

www.aeso.hk

STOCK CODE

8341

CHAIRMAN'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS

To Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Aeso Holding Limited (the "Company"), I hereby present the audited annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2019 ("Reporting Period").

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the Reporting Period (2018:Nil).

BUSINESS REVIEW

The Company is an investment holding company and the shares of the Company (the "Shares") were listed on GEM of the Stock Exchange on 13 January 2017 by way of placing (the "Placing"). The Company's subsidiaries are principally engaged in the provision of fitting-out work for construction of newly built commercial premises and residential developments and renovation (including alteration and addition) work for existing commercial premises in Hong Kong.

During the Reporting Period, the Company submitted tenders amounting to approximately HK$1,140.4 million and 12 projects were awarded amounting to approximately HK$123.2 million, which include (i) a Renovation Project for a restaurant at a reputable hotel at Causeway Bay with contract sum of approximately HK$9.3 million; (ii) a Fitting-out Project of a proposed residential and kindergarten development at New Territories with contract sum of approximately HK$85.5 million. The tenders are invited by the stable and long-term clients, including listed property developers, based on their trust to our Company and some are from new clients including those sizable developers from PRC.

The company is in direction of proceeding for resumption of trading according to the request by HKEX. According to the current progress, a settlement agreement was signed on 27 March 2019, all the litigation have been settled by consent summons between the disputed shareholders and a new board was formed.

FINANCIAL REVIEW

Revenue

The Group's overall revenue decreased from approximately HK$96.3 million for the year ended 31 March 2018 to approximately HK$88.9 million for the Reporting Period, representing a decrease of approximately 8%. Such decrease was mainly due to the consequential effects caused by the shareholders' disputes.

The revenue for the Fitting-out Projects for the Reporting Period was approximately HK$52.9 million, represented a decrease of approximately 36% from approximately HK$82.7 million for the same period in 2018.

The revenue for the Renovation Projects for the Reporting Period was approximately HK$36.0 million, represented an increase of approximately 165% from approximately HK$13.6 million for the same period in 2018.

Cost of Services

The Group's direct cost decreased from approximately HK$105.5 million for the year ended 31 March 2018 to approximately HK$81.4 million for the Reporting Period, representing a decrease of approximately 23%. The decrease was in line with the decrease in revenue during the year and foreseeable losses of some projects recognized in last year.

Gross Loss/Profit

There was a turnaround from a gross loss of approximately HK$9.2 million for the year ended 31 March 2018 to a gross profit of approximately HK$7.5 million for the Reporting Period. Such improvement was due to decrease in foreseeable losses of some projects recognised in last year.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK$23.1 million and approximately HK$17.8 million for the years ended 31 March 2018 and 2019 respectively, representing a decrease of approximately 23%. Such decrease was primarily due to the decrease of professional fee incurred in relation to the shareholders' disputes during the Reporting Period.

Loss attributable to the owners of the Company

As a result of the aforesaid, the loss attributable to the owners of the Company was approximately HK$12.4 million and approximately HK$35.2 million for the years ended 31 March 2019 and 2018 respectively.

PROSPECT AND OUTLOOK

The competitive strengths of the Company, such as (i) an established track record in the market with stable and long-term client relationships with the major clients that include listed property developers; (ii) strong and stable relationships with the major suppliers and subcontractors; (iii) integrated project execution for contracting services; and (iv) a strong and experienced management team with proven track record, continuously contribute to the success of the Group.

The Group will continue focusing on the opportunities in renovation works and fitting-out works in Hong Kong, especially renovation projects of entertainment industry such as cinema or museums and leisure facilities such as private club houses. As of today, the Group have been awarded the projects amounting to approximately HK$170 million which is expected to be recognised during the six months ending 30 September 2019 which include a famous cinema operator and a famous private sport academy. The Boards is optimistic about the growth of the business and will keep to tender new fitting out projects including those mainland based property developers which are currently very active in new property development in Hong Kong.

In view of the expected growth of the construction industry in Hong Kong driven by the Hong Kong Government's initiatives to increase the land supply for private housing as well as commercial buildings, the Company is still confident about the prospect of the fitting-out and renovation contracting services in Hong Kong.

The company is in direction of proceeding for resumption of trading according to the request by HKEX. According to the current progress, a settlement agreement was signed on 27 March 2019, all the litigation have been settled by consent summons between the disputed shareholders and a new board was formed.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operation and investments were financed principally by cash generated from its business operations, bank borrowings and equity contribution from shareholders. As at 31 March 2019, the Group had net current assets of approximately HK$0.8 million (31 March 2018: HK$14.3 million), bank balances and cash of approximately HK$9.3 million (31 March 2018: HK$0.5 million) and pledged bank deposit of approximately HK$28.8 million (31 March 2018: HK$33.9 million).

The gearing ratio of the Group as at 31 March 2019 was approximately 17.7 times (31 March 2018: approximately 2.21 times), which was high as the Group suffered from the loss for the year and decrease in total equity during the year ended 31 March 2019. The gearing ratio is calculated as total borrowings divided by total equity as at the respective periods.

TREASURY POLICY

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

PLEDGE OF ASSETS

Certain cash deposits of the Group of approximately HK$28.8 million as at 31 March 2019 (31 March 2018: HK$33.9 million) are charged to the bank to secure general banking facilities.

COMMITMENTS

As at 31 March 2019, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rental premises which fall due as follow:

	HK$'000
Minimum lease payments under operating leases	
Within one year	1,031

CAPITAL STRUCTURE

There has been no change in capital structure of the Company since 31 March 2018.

SIGNIFICANT INVESTMENTS

As at 31 March 2019, there was no significant investment held by the Group (31 March 2018: Nil).

ACQUISITIONS AND DISPOSALS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have any acquisitions or disposals of subsidiaries and affiliated companies during the Reporting Period. Save as disclosed in the paragraphs "Comparison of Business Objectives and Actual Business Progress" of this report, the Group did not have other plans for acquisitions or capital assets.

FOREIGN EXCHANGE EXPOSURE

The Group's business operations were conducted in Hong Kong and the transactions, monetary assets and liabilities of the Group were denominated in Hong Kong dollars and United States dollars. As at 31 March 2019, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2019, the Group had 33 employees (31 March 2018: 34 employees). The remuneration policy of the employees of the Group was set up by the Board on the basis of their experience, qualifications and competence. Other employees' benefits include contributions to statutory mandatory provident funds, and housing allowance to its employees in Hong Kong.

A remuneration committee was set up for, inter alia, reviewing the Group's remuneration policy and structure for all Directors and senior management of the Group.

CHAIRMAN'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON OF BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives set out in the prospectus of the Company dated 30 December 2016 (the "Prospectus") with the Group's actual business progress for the period from 13 January 2017 (the "Listing Date") to 31 March 2019 is set out below:

Business objectives up to 31 March 2019	Actual Business Progress up to 31 March 2019
Further developing the Group's contracting business	The company has utilised the proceeds in security of surety bond to new business. In addition, the Company has successfully developed a team of designers to develop design and build projects and will keep going to enlarge the proportion of design and build projects to our overall business scale.
Acquisition of premises in Hong Kong	The company originally intends to acquire a new premises located in Wong Chuk Hang in Hong Kong but such plans was delayed as a consequence of the shareholders' disputes and the deposit paid amounting to approximately HK$0.8 million was forfeited. The Company is still exploring suitable premises with favourable offer for the use as showroom/warehouse with the view of maximizing the shareholders interest.
Expansion of the Hong Kong office	The tenancy of the office located at 18/F., The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong was renewed and effected from 1 June 2019
Decoration of the Hong Kong office	Fitted out the office located at 18/F., The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong and purchased new office equipment
Purchase of motor vehicles	Three motor vehicles were purchased for materials and transportation of staff
Further strengthening the Group's in-house team	A Marketing Manager was newly recruited from 20 January 2017

USE OF PROCEEDS OBTAINED FROM THE PLACING

The net proceeds from the Placing, after deducting listing related expenses, were approximately HK$40.6 million, which was different from the estimated net proceeds of approximately HK$41.6 million. The Group intends to adjust the use of net proceeds in the same manner and in the same proportion as shown in the Prospectus. An analysis of the utilisation of the net proceeds from the Listing Date up to 31 March 2019 is set out below:

	Adjusted use of net proceeds in the same manner and in the same proportion as stated in the Prospectus	**Adjusted use of net proceeds in the same manner and in the same proportion from the Listing Date up to 31 March 2019**	**Actual use of net proceeds from the Listing Date up to 31 March 2019**
	HK$ million	HK$ million	HK$ million
Further developing the Group's contracting business	22.8	22.8	22.8
Acquisition of premises in Hong Kong	5.7	5.7	0.8
Expansion of the Hong Kong office	1.7	1.7	1.7
Decoration of the Hong Kong office	1.9	1.9	1.9
Purchase of motor vehicles	1.2	1.2	1.2
Further strengthening the Group's in-house team	3.2	3.2	3.2
General working capital	4.1	4.1	4.1
Total	40.6	40.6	35.7

SHAREHOLDER DISPUTES

On 12 July 2017, a controlling shareholder of the Company, Acropolis Limited, which wholly-owned by Mr. Chan Siu Chung ("Mr. Chan"), filed a Petition (the "Petition") in the action HCCW 218/2017 against, amongst other respondents, the Company, another controlling shareholders, W&Q Investment Limited and Mr. Liu Chang Kien (the "Action"). Pursuant to an order (the "Order") of the Court of First Instance of the High Court of the Hong Kong Special Administrative Region dated 31 May 2018 under the Action, the joint and several provisional liquidators of the Company have been appointed with effect from the date of the Order.

On 27 March 2019, Acropolis Limited, Mr. Chan, W&Q Investment Limited and Mr. Liu Chang Kien (collectively referred to herein as "the Parties") reached a settlement agreement to the best interest of the Company. Finally, these shareholders' disputes was settled on 27 March 2019. As at 29 April 2019, the Court ordered that the Petition be dismissed by the consent of the parties as well as the joint and several provisional liquidators of the Company appointed pursuant to the Order be released.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Trading in the shares of the Company on the Stock Exchange has been suspended at the direction of the Stock Exchange since 12 June 2017. On 22 September 2017, the Company received a letter from the Stock Exchange, in which the Stock Exchange stated the following conditions for the resumption of trading in the shares of the Company (the "Resumption Conditions"):

(1) Demonstrate to have a valid board of directors in accordance with the Company's articles of association;

(2) Address the allegation about the lack of an open market in the Company's shares required under Rule 11.23(7) of the GEM Listing Rules;

(3) Publish all outstanding financial results as required under the GEM Listing Rules and address any audit qualifications;

(4) Inform the market of all material information relating to the Company; and

(5) Have the winding-up petitions against the Company withdrawn or dismissed and provisional liquidators discharged.

To the best knowledge of the Board, (i) the Company has a valid board of directors in accordance with the Company's articles of association; and (ii) the winding-up petitions against the Company was withdrawn and the provisional liquidators was discharged. Therefore, Resumption Conditions (1) and (5) have been satisfied. The Company shall take appropriate steps to fulfill the outstanding Resumption Conditions as soon as practicable and will keep its shareholders of the Company and potential investors informed of the progress as and when appropriate.

APPRECIATION

On behalf of the Board, I wish to take this opportunity to thank our management and staff for their continuous loyalty, dedication and contributions throughout the year. I would also like to express my sincere gratitude to our shareholders, Clients, business partners, banker, suppliers and subcontractors for their continuous support to the Group.

Aeso Holding Limited
Chan Siu Chung
Chairman

Hong Kong, 27 June 2019

EXECUTIVE DIRECTORS

Mr. Chan Siu Chung (陳少忠先生), aged 44, is the founder, the chairman of the Group. He was appointed as the executive Director and the chairman of the Company on 14 December 2015 and 6 May 2016 respectively. Mr. Chan has nearly 22 years of experience in the building and construction industry, especially in the field of fitting-out and renovation (including alteration and addition) works. Mr. Chan obtained a bachelor of science degree in construction economics and management from The Hong Kong Polytechnic University in Hong Kong in 1997 and a master of science degree in construction project management from The University of Hong Kong in Hong Kong in 2006. He is primarily responsible for the overall strategic development, management of the Group, managing client relationship and business marketing. He is one of the founders of Aeso Limited, the operating subsidiary of the Company, and is currently its executive director and project director. He is also a director of Aeschylus Limited.

Mr. Chan has been a member of The Hong Kong Institute of Surveyors and a professional member of The Royal Institution of Chartered Surveyors since March 2001. He has been a registered professional surveyor since January 2011.

Mr. Au Siu Kwong (區紹江先生), aged 56, joined the Group in May 2013 and currently serves as the chief project manager of the Group and is primarily responsible for the overall operation of the Group's construction management business and management of relevant site work. Mr. Au has over 20 years of senior managerial experience in the building and construction industry of which 7 years working as chief project manager in the Group, 5 years working as project manager and 8 years working as a site supervisor of several sizeable companies which mainly carries on construction and engineering business. Mr. Au is member of Hong Kong Professional Building Inspection and has obtained several construction related qualifications including but not limited to, ISO 9000 quality systems internal auditing course for in-service construction personnel, qualified site supervisors as technically competent persons, site safety supervisors, environment protection for construction supervisors.

Mr. Zhang Haiwei (張海威先生), aged 35, joined the Group in May 2019. He obtained a Bachelor Degree of Engineering in automation from Guangdong University of Technology. Mr. Yang has over 10 years of experience in business development and management and had held senior management positions in several enterprises. Prior to joining the Group, Mr. Zhang was a chief operating officer of a sizeable company in the PRC and he was mainly responsible for the company's building management and interior design projects involving application of automation technologies.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yeung Chun Yue, David（楊振宇先生）, aged 37, joined the Group in April 2019. He obtained a bachelor degree of business administration (Honors) in Accountancy from the City University of Hong Kong. Mr. Yeung is a practicing member of the Hong Kong Institute of Certified Public Accountants. He has over 14 years' experience in the accounting, auditing and taxation field and he is currently the director of a sizeable CPA firm. He is currently the committee member of the Panyu Committee of Chinese People's Political Consultative Conference.

Mr. Yeung was also an independent non-executive director of Mega Expo Holdings Limited (stock code: 1360), a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited from December 2014 to March 2017.

Ms. Lai Wing Sze（黎穎絲女士）, aged 30, joined the Group in May 2019. She obtained a bachelor degree of arts from the University of Derby. Ms. Lai has extensive working experience in Hong Kong and overseas. Prior to joining the Company, Ms. Lai had held various managerial and supervisory positions in certain multinational corporations.

Ms. Yu Wan Ki（余韻琪女士）, aged 31, joined the Group in May 2019. She obtained a Bachelor Degree of Mass Communication in Journalism and Public Relations from Curtin University of Technology, Western Australia. Ms. Yu has more than 10 years of working experience in different industries including IT Consulting and international export. She is currently a managing director of a company engaging in IT consulting.

SENIOR MANAGEMENT

Mr. Chiu Fu Keung（趙富強先生）, aged 51, is the financial controller of the Group and primarily responsible for the Group's finance matters. Mr. Chiu joined the Group in December 2015. Mr. Chiu has more than 30 years of experience in finance and accounting.

Mr. Chiu obtained a master of accounting degree from Curtin University of Technology in September 2003. Mr. Chiu has been a fellow member of The Association of International Accountants, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Ms. Cheng Nga Lai (鄭雅麗女士), aged 45, is the Senior Operating Manager of the Group. Ms. Cheng joined our Company in May 2008. She is primarily responsible for formulating and implementing internal and regulatory manuals and assisting our executive Directors and project managers in operation and contract management. Ms. Cheng has over 20 years of experience in the building and construction industry.

Ms. Cheng obtained a bachelor of science degree in construction economics and management from The Hong Kong Polytechnic University in Hong Kong in 1997.

Mr. Cheung Hiu Tung (張曉東先生), aged 42, is the quantity surveying manager of the Group. Mr. Cheung joined the Group in October 2008. He is primarily responsible for overseeing our operations in quantity surveying. Mr. Cheung has more than 20 years of experience in the building and construction industry.

Mr. Cheung completed a 75-day Measurement Technician Training Course delivered by Construction Industry Training Authority in Hong Kong in November 1996. He obtained a certificate in quantity surveying and a higher certificate in quantity surveying from Hong Kong Institute of Vocational Education in Hong Kong in July 2000 and July 2002, respectively.

COMPANY SECRETARY

Ms. Choi Mei Bik (蔡美碧女士), aged 37, has been appointed as the company secretary of the Company from 14 May 2019. Ms. Choi graduated from the City University of Hong Kong with a Bachelor of Business Administration (Honours) in Accountancy and is a member of the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Company's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value.

CORPORATE GOVERNANCE PRACTICES

The corporate governance principles of the Company emphasise a quality Board, sound internal controls, transparency and accountability to all shareholders. By applying rigorous corporate governance practices, the Company believes that its accountability and transparency will be improved thereby instilling confidence to the shareholders of the Company and the public. Throughout the Reporting Period, the Company has complied with the code provisions in the Corporate Governance Code ("**CG Code**") set out in Appendix 15 to the GEM Listing Rules except for the following deviations:

Provisions A.2.l, A.2.2 and A.2.3 of the CG Code

Under provision A.2.l of the CG Code, the role of the Chairman and the Chief Executive Officer should be performed by separate individuals. Mr. Chan Siu Chung is the Chairman who provides leadership for the Board. According to Provisions A.2.2 and A.2.3 of the CG Code, Mr. Chan Siu Chung as the Chairman ensures that all directors are properly briefed on issued arising at board meetings, and receive adequate information, both complete and reliable, in a timely manner. The executive directors of the Company collectively oversees the overall management of the Group in each of their specialized executive fields, which fulfils the function of Chief Executive Officer in substance. Therefore, the Company currently has not appointed its Chief Executive Officer to avoid the duplication of duties.

Provision A.2.7 of the CG Code

Provision A.2.7 of the CG Code requires the chairman of the Board to hold meetings at least annually with the independent non-executive Directors without the executive Directors present. During the Reporting Period, the Chairman did not hold meeting with the independent non-executive Directors without the executive Directors present. The Chairman confirms that he will hold meeting with the independent non-executive Directors annually in the absence of the executive Directors.

Provisions A.1.3 and A.7.1 of the CG Code

Provisions A.1.3 and A.7.1 of the CG Code stipulate that 14-day notice should be given for each regular board meeting and that in respect of regular meetings, and so far as practicable in all other cases, an agenda and accompanying board papers should be sent in full to all directors in a timely manner and at least 7 days before the intended date of a board or board committee meeting (or such other period as agreed). The Company agrees that sufficient time should be given to the directors in order to make a proper decision. In these respects, the Company adopts a more flexible approach (and yet sufficient time has been given) in convening board meetings to ensure efficient and prompt management decisions could be made.

Provisions E.1.2 and E.1.3 of the CG Code

Provisions E.1.2 and E.1.3 of the CG Code set out the requirements on a company in relation to effective communication with shareholders by annual general meeting. During the Reporting Period, the Company did not hold annual general meeting. An annual general meeting of the Company for the year 2019 will be arranged in due course in accordance with relevant requirements under Provisions E.1.2 and E.1.3 of the CG Code.

Rules 5.05(1), 5.05A, 5.28 and 5.34 of the GEM Listing Rules

Rules 5.05(1) and 5.05A of the GEM Listing Rules require every board of directors to include at least three independent non-executive directors, representing at least one-third of the board. Rule 5.28 of the GEM Listing Rules requires every audit committee of a board to, among other matters, comprise a minimum of three members, with at least one of whom being an independent non-executive director with appropriate professional qualifications of accounting or related financial management expertise. Rule 5.34 of the GEM Listing Rules requires the Company to establish a remuneration committee chaired by an independent non-executive director and comprising a majority of independent non-executive director. Following the resignation of Ms. Tsang Kwok Shan Sandy, Mr. To Man Choy Jacky and Mr. Ko Kwok Fai Dennis as independent non-executive Directors on 4 April 2019, the Company did not have any independent non-executive director and membership of the remuneration committee, nomination committee and audit and risk management committee. Thus, the Company did not fulfill the requirement under Rules 5.05(1), 5.05A, 5.28 and 5.34 of the GEM Listing Rules. On 12 April 2019, Mr. Au Siu Kwong was appointed as an executive Director, and Mr. Yeung Chun Yue, David was appointed as an independent non-executive Director, a chairman of the Audit and Risk Management Committee, and a member of each of the Nomination Committee and the Remuneration Committee; and on 24 May 2019, Ms. Lai Wing Sze and Ms. Yu Wan Ki were appointed as independent non-executive Directors, Ms. Lai Wing Sze was appointed as a chairman of the Remuneration Committee, and a member of each of the Audit and Risk Management Committee and the Nomination Committee, and Ms. Yu Wan Ki was appointed as a member of the Audit and Risk Management Committee, the Company thereby complying with Rules 5.05(1), 5.05A , 5.28 and 5.34 of the GEM Listing Rules.

The Company agrees that sufficient time should be given to the directors in order to make a proper decision. In these respects, the Company adopts a more flexible approach (and yet sufficient time has been given) in convening board meetings to ensure efficient and prompt management decisions could be made.

The Board has continued to monitor and review the Company's progress in respect of corporate governance practices to ensure compliance with the CG Code. Meetings were held throughout the year and where appropriate, circulars and other guidance notes were issued to Directors and senior management of the Company to ensure awareness to issues regarding corporate governance practices.

THE BOARD OF DIRECTORS

Composition

The Board, which comprised six Directors as at the date of this corporate governance report, is collectively responsible for supervising the management of the business and affairs of the Company and the Group. Biographical details of the current Directors are set out in the section headed "Biographical details of Directors and Senior Management" of this annual report.

As at the date of this corporate governance report, the Board had three executive Directors, namely Mr. Chan Siu Chung (Chairman), Mr. Au Siu Kwong and Mr. Zhang Hai Wei and three independent non-executive Directors, namely Mr. Yeung Chun Yue, David, Ms. Lai Wing Sze and Ms. Yu Wan Ki.

The presence of three independent non-executive Directors is considered by the Board to be a reasonable balance between executive and non-executive Directors. The Board is of the opinion that such balance can provide adequate checks and balances for safeguarding the interests of the shareholders and the Company. The independent non-executive Directors provide to the Company a wide range of expertise and experience so that independent judgement can be effectively exercised and the interests of all shareholders will be taken into account. They are also responsible for participating in Board meetings, dealing with potential conflicts of interest, serving on the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee, scrutinizing the Company and the Group's performance and reporting. They provide their valuable skills, expertise and experience to the Board and the committees on which they serve so that the management process can be critically reviewed and controlled.

As at the date of this corporate governance report, at least one of the independent non-executive Directors has the appropriate professional qualifications or accounting or related financial management expertise.

Board Diversity

With the view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element. The Board has adopted a board diversity policy with effect from 10 January 2017 in compliance with Provision A.5.6 of the CG Code. All Board appointments have been and will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Nomination and selection of candidates for Board membership by the Nomination Committee have been and will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The Nomination Committee is of the opinion that a balanced diversity of the Board has been achieved as at the date of this corporate governance report.

Board Meetings

Board meetings was held once during the year. At least 1 day's notices of regular Board meetings are given to all Directors and all Directors will be all given an opportunity to include matters in the agenda for discussion. The company secretary of the Company ("Company Secretary") assists the Chairman in preparing the agenda for the meetings and ensures that all applicable rules and regulations in connection with the meetings are observed and complied with. The finalised agenda and accompanying board papers are then sent to all Directors at least 1 days' prior to the meetings.

During the Reporting Period, to the best knowledge of the Group, 1 Board meeting was held and the following is an attendance record of the meetings by each Director:

Attendants	Number of meetings attended	Attendance percentage
Executive Directors		
Chan Siu Chung	0/1	0%
Au Siu Kwong (appointed on 12 April 2019)	N/A	N/A
Zhang Hai Wei (appointed on 24 May 2019)	N/A	N/A
Zhang Qi (resigned on 3 April 2019)	1/1	100%
Non-executive Director		
Law Wing Kit (resigned on 3 April 2019)	0/1	0%
Independent non-executive Directors		
To Man Choy, Jacky (resigned on 4 April 2019)	1/1	100%
Ko Kwok Fai, Dennis (resigned on 4 April 2019)	1/1	100%
Tsang Kwok Shan, Sandy (resigned on 4 April 2019)	1/1	100%
Yeung Chun Yue, David (appointed on 12 April 2019)	N/A	N/A
Lai Wing Sze (appointed on 24 May 2019)	N/A	N/A
Yu Wan Ki (appointed on 24 May 2019)	N/A	N/A

The Company records the proceedings of each Board meeting in details by keeping minutes, including the record of all decisions of the Board together with concerns raised and dissenting views expressed (if any) during the meeting. Drafts of Board minutes are circulated to all Directors for comment and approval as soon as practicable after the meeting. All minutes are open for inspection at any reasonable time on request by any Director. All Directors have access to relevant and timely information at all times as the Chairman ensures that the management will supply the Board and its committees with all relevant information in a timely manner. They may make further enquiries if it is in their opinion necessary or appropriate to request for further information. They also have unrestricted access to the advice and services of the Company Secretary, who is held responsible for providing Directors with board papers and related materials and ensuring that all proper Board procedures and all applicable laws and regulations are followed and complied with. If considered necessary and appropriate by the Directors, they may retain independent professional advisers at the company's expense.

In case where a conflict of interest may arise involving a substantial shareholder of the Company or a Director, such matter will be discussed in a physical meeting and will not be dealt with by way of written resolutions. Independent non-executive Directors with no conflict of interest will be present at such meetings dealing with the conflict issue.

The Board committees, including the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee, have all adopted the applicable practices and procedures used in Board meetings for all committee meetings.

Shareholders' Meetings

The annual general meeting and other general meetings of the Company are the primary forum for communication between the Company and its shareholders and an opportunity for shareholders' participation. All shareholders are encouraged to attend the general meetings or to appoint proxy(ies) to attend and vote at such meetings on their behalf if they are unable to attend the meetings.

The Chairman

The Chairman, Mr. Chan Siu Chung, is responsible for the Company's and the Group's overall strategy and business development. The Chairman determines the broad strategic direction of the Group in consultation with other Directors and is responsible for the macro top-level decisions with regard to the overall business directions of the Company and the Group.

The Company Secretary

The Company Secretary is Ms. Choi Mei Bik, a member of the Hong Kong Institute of certified Public Accountants. In accordance with Rule 5.15 of the GEM Listing Rules, the Company Secretary had taken no less than 15 hours of relevant professional training during the Reporting Period.

Training and Support for Directors

All Directors, including the independent non-executive Directors, must keep abreast of their collective responsibilities as directors and on the business of the Group. As such, the Group provides a comprehensive and formal induction to each newly appointed Director upon his/her appointment. Briefings and orientations are provided and organised to ensure that new Directors are familiar with the role of the Board, their legal and other duties as directors as well as the business and governance practices of the Company and the Group. Such programme are tailored to each Director taking into account his/her background and expertise. The Company Secretary and the compliance officer of the Company will continuously update all Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance of the same by all Directors.

All Directors shall also participate in continuous professional development programme provided or procured by the Group, such as external seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. Records of the trainings received by the Directors are kept and updated by the Company Secretary and the compliance officer of the Company.

Each Director will, upon his/her first appointment and thereafter on a regular basis, disclose to the Company the number and nature of offices held by such Director in public companies and organisations and other significant commitments.

During the Reporting Period, the Directors participated in continuous professional developments in relation to regulatory update, the duties and responsibilities of the Directors and the business of the Group as follows:

Name of Directors	Attendance seminars or briefing/read materials
Executive Directors	
Chan Siu Chung *(Chairman)*	✓
Au Siu Kwong (appointed on 12 April 2019)	✓
Zhang Hai Wei (appointed on 24 May 2019)	✓
Zhang Qi (resigned on 3 April 2019)	N/A
Non-executive Director	
Law Wing Kit (resigned on 3 April 2019)	N/A
Independent non-executive Directors	
To Man Choy, Jacky (resigned on 4 April 2019)	N/A
Ko Kwok Fai, Dennis (resigned on 4 April 2019)	N/A
Tsang Kwok Shan, Sandy (resigned on 4 April 2019)	N/A
Yeung Chun Yue, David (appointed on 12 April 2019)	✓
Lai Wing Sze (appointed on 24 May 2019)	✓
Yu Wan Ki (appointed on 24 May 2019)	✓

The Company had received from Mr. Chan Siu Chung, Mr. Au Siu Kwong, Mr. Zhang Hai Wei, Mr. Yeung Chun Yue, David, Ms. Lai Wing Sze and Ms. Yu Wan Ki the confirmations on taking continuous professional development. Since there is no available record, the current Board cannot confirm that other Directors had complied with the requirement of the CG Code on Directors' continuous professional development.

Directors' Securities Transactions

The Company has adopted procedures governing Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

The Directors during the Reporting Period were Mr. Chan Siu Chung, Ms. Zhang Qi, Mr. Law Wing Kit, Mr. To Man Choy, Jacky, Mr. Ko Kwok Fai, Dennis, and Ms. Tsang Kwok Shan, Sandy. The Company has made specific enquiries of which Mr. Chan Siu Chung has confirmed that he has complied with the required standards of dealings set out in the GEM Listing Rules during the Reporting Period. Since the former Directors (Ms. Zhang Qi, Mr. Law Wing Kit, Mr. To Man Choy, Jacky, Mr. Ko Kwok Fai, Dennis and Ms. Tsang Kwok Shan, Sandy) were resigned or removed before the date of this report, the current Board cannot confirm whether they had complied with the required standards of dealings set out in the GEM Listing Rules during the Reporting Period.

Remuneration Committee

The Remuneration Committee was established during the year ended 31 March 2017. The chairman of the committee is Ms. Lai Wing Sze (appointed on 24 May 2019), an independent non-executive Director. Other members of this committee include Mr. Chan Siu Chung, being an executive Director and Mr. Yeung Chun Yue, David (appointed on 12 April 2019), being an independent non-executive Director.

The Remuneration Committee is responsible for formulating and recommending to the Board the remuneration policy, making recommendation to the Board on remuneration packages of the Directors and senior management of the Group, as well as reviewing and making recommendation on the Company's share option scheme, bonus structure, provident fund and other compensation-related issues. This committee consults with the Chairman on its proposals and recommendations and has access to independent professional advice if necessary. The Remuneration Committee is also provided with other resources enabling it to discharge its duties.

The specific terms of reference of the Remuneration Committee are posted on websites of the Company and of the Stock Exchange. The Remuneration Committee meets at least once a year.

During the Reporting Period, no Remuneration Committee meeting was held.

Nomination Committee

The Nomination Committee was established in 2017. The chairman of the committee is Mr. Chan Siu Chung, the Chairman and an executive Director. Other members of this committee include Mr. Yeung Chun Yue, David (appointed on 12 April 2019) and Ms. Lai Wing Sze (appointed on 24 May 2019), all being independent non-executive Directors.

The duties of the Nomination Committee include reviewing the structure, size and composition of the Board at least annually, making recommendations on any proposed changes to the Board to complement the Company and the Group's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals to be nominated for directorship, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for the Directors, in particular the Chairman.

Shareholders may also propose a person for election as Director at the general meetings of the Company pursuant to the articles of association of the Company ("Articles"). The procedures for shareholders to nominate directors are posted on the website of the Company.

The specific terms of reference of the Nomination Committee are posted on the websites of the Company and of the Stock Exchange.

During the Reporting Period, no Nomination Committee meeting was held.

Term of Appointment and Re-election of Directors

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years, thereafter continuous until terminated by either party giving to the other not less than three months' notice in writing, or by payment of three months' salary in lieu of such notice.

Each of the independent non-executive Directors has been appointed for a term of three years unless terminated by one month's notice in writing.

All Directors, including the executive and independent non-executive Directors, would retire from office by rotation and are subject to re-election at the annual general meeting once every three years pursuant to the Articles. In accordance with Article 113 of the Articles, Mr. Au Siu Kwong, Mr. Zhang Hai Wai, Mr. Yeung Chun Yue, David, Ms. Lai Wing Sze and Ms. Yu Wan Ki shall hold office only until the forthcoming general meeting of the Company and be subject to re-election.

Audit and Risk Management Committee and Accountability

The Board is responsible for presenting a balanced, clear and comprehensive assessment of the performance and prospects of the Company and the Group. The Board is also responsible for preparing the accounts of the Company, which shall give a true and fair view of the financial position of the Group on a going-concern basis, and other inside information announcements and other financial disclosures. The management of the Group provides all relevant information and records to the Board enabling it to conduct the above assessment and to prepare the accounts and other financial disclosures.

During the Year, the Audit and Risk Management Committee reviewed the Group's accounting principles, practices and compliance.

The Audit and Risk Management Committee, established in 2017, is chaired by Mr. Yeung Chun Yue, David (appointed on 12 April 2019), an independent non-executive Director and the other members include Ms. Lai Wing Sze and Ms. Yu Wan Ki (both appointed on 24 May 2019), all being independent non-executive Directors of the Company.

No existing member of the Audit and Risk Management Committee is a former partner of the existing auditing firm of the Company.

The Audit and Risk Management Committee's primary duties include ensuring that the Company's financial statements, annual, interim and quarterly reports and the auditor's report present a true and balanced assessment of the Company's and the Group's financial position; reviewing the Company's and the Group's financial control, internal control and risk management systems; and reviewing the Company's financial and accounting policies and practices. Other duties of the Audit and Risk Management Committee are set out in its specific terms of reference which are posted on the websites of the Company and of the Stock Exchange. The Audit and Risk Management Committee is provided with sufficient resources enabling it to discharge its duties.

The Audit and Risk Management Committee reviewed the Group's accounting principles, practices and compliance and financial report matters including the review of the audited financial statements for the Reporting Period.

During the Reporting Period, no Audit and Risk Management Committee was held.

CORPORATE GOVERNANCE REPORT

Directors' responsibility in preparing consolidated financial statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements and ensuring that the preparation of the accounts is in accordance with statutory requirements and applicable standards.

The statement of the auditors of the Company in relation to their reporting responsibilities for the consolidated financial statements is set out in the Independent Auditor's Report on pages 34 to 40 of this annual report.

Going Concern

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue its operational existence for the foreseeable future and for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Corporate Governance Function

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as determining, developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc.

Auditors' Remuneration

HLB HODGSON IMPEY CHENG LIMITED is the current external auditors of the Company, the aggregate remuneration in respect of audit services during the Reporting Period was approximately HK$600,000 (2018 : approximately HK$500,000) and non-audit services during the Reporting Period was approximately HK$15,000 (2018 : approximately HK$12,000).

Delegation by the Board

The Board is responsible for making decisions in relation to the overall strategic development of the Group's business. All Directors have formal service contracts or letters of appointment setting out key terms and conditions regarding their appointments. Due to the diversity and volume of the Group's business, responsibility in relation to the daily operations and execution of the strategic business plans are delegated to management of the Group.

All Board committees, namely the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee, have specific terms of reference clearly defining the authorities and responsibilities of the respective committees. All Board committees are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any actions.

The Board review, on a yearly basis, all delegations by the Board to different Board committees to ensure that such delegations are appropriate and continue to be beneficial to the Company and its shareholders as a whole.

Shareholder Relations

The Company is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its shareholders. The commitment to fair disclosure and comprehensive and transparent reporting of the Group's activities can be reflected in many aspects.

The annual general meeting of the Company provides a useful forum for shareholders of the Company to exchange views with the Board. All the Directors make an effort to attend the Company's general meetings so that they may answer any questions from the shareholders.

The proceedings of the annual general meeting are reviewed from time to time to ensure the Company conforms to the best practices regarding corporate governance. The relevant circular, which is circulated to all shareholders at least 21 days prior to the holding of the annual general meeting, sets out the details in relation to each resolution proposed, voting procedures and other relevant information.

The Company also communicates with its shareholders through its annual, interim and quarterly reports and by means of announcement and circular if and when necessary. The Directors, the Company Secretary or other appropriate members of the senior management also respond promptly to inquiries from shareholders and potential investors of the Company.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene general meetings

Subject to the Articles of the Company, the GEM Listing Rules and the applicable laws and regulations, shareholders of the Company may convene general meetings of the Company in accordance with the following procedures:

1. Shareholders holding not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company as at the date of deposit of the requisition ("Requisitionists") may require the Board to convene a general meeting of the Company by depositing written requisitions at the principal office of the Company in Hong Kong at 18th Floor, The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong specifying the business to be transacted in such meeting and signed by the Requisitionists. Such meeting shall be held within two months after the deposit of such requisition.

2. If within 21 days of such deposit, the Board fails to proceed to convene the meeting, the Requisitionist(s) may do so in the same manner, and all reasonable expenses incurred by the Requisitionst(s) as a result of the failure of the Board shall be reimbursed to the Requisitionist(s) by the Company.

Procedures for sending enquiries to the Board

The Company established a shareholders' communication policy which had been uploaded to the Company's website (http://www.aeso.hk) and details could be found in the policy.

Shareholders may also send their enquiries and concerns to the Board by addressing them to the Company Secretary by post to the principal office of the Company in Hong Kong at 18th Floor, The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong.

Investor relations

The Company is committed to a policy of open and timely disclosure of corporate information to shareholders and potential investors. The Company updates shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports, notices, announcements and circulars. The Company's website (www.aeso.hk) provides a communication platform to the public and the shareholders.

To strengthen its relationship with investors, the Company regularly meets with analysts and holds interviews with reporters and columnists of the press and other economic journals.

Constitutional documents

During the Reporting Period, there was no significant change in the Memorandum and Articles of the Company.

Dividend Policy

The Company has adopted a dividend policy as at the date of this annual report (the "Dividend Policy"). According to the Dividend Policy, it is the policy of the Board, in considering the payment of dividends, to allow shareholders of the Company to participate in the Company's profits whilst preserving the Company's liquidity to capture future growth opportunities.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall consider the following factors before declaring or recommending dividends:

(a) the Company's actual and expected financial performance;

(b) retained earnings and distributable reserves of the Company and each of the members of the Group;

(c) the Group's working capital requirements, capital expenditure requirements and future expansion plans;

(d) the Group's liquidity position;

(e) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and

(f) other factors that the Board may considered relevant.

The payment of dividend by the Company is also subject to any restrictions under the Cayman Island laws and the Company's articles of association.

The Board will continually review the Dividend Policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earning, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group appointed World Link Corporate Finance Limited ("World Link") to:

- assist in identifying and assessing the risks of the Group through a series of workshops and interviews for the Report Period; and

- independently perform internal control review and assess effectiveness of the Group's risk management and internal control systems for the Report Period.

The results of the independent review and assessment were reported to the Audit and Risk Management Committee and the Board. Moreover, improvements in internal control and risk management measures as recommended by World Link to enhance the risk management and internal control systems of the Group and mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of World Link as well as the comments of the Audit and Risk Management Committee, the Board considered that the internal control and risk management systems of the Group are effective and adequate.

The Group has established internal control procedures for the handling and dissemination of inside information in order to comply with Chapter 17 of the GEM Listing Rules as well as Part XIVA of the SFO. The internal control mechanism includes information flow and reporting processes, confidentiality arrangements, disclosure procedures and staff training arrangements, etc.

Our Enterprise Risk Management Framework

The Group has established its enterprise risk management framework in 2017. While the Board has the overall responsibility to ensure that sound and effective internal controls are maintained, management is responsible for designing and implementing an internal control system to manage all kinds of risks faced by the Group.

Through the risk identification and assessment processes, risks are identified, assessed, prioritised and allocated treatments. The risk management framework follows the COSO Enterprise Risk Management – Integrated Framework, which allows the Board and management to manage the risks of the Group effectively. The Board receives regular reports through the Audit and Risk Management Committee which oversees risk management and internal audit functions.

Principal Risks

During the Reporting Period, the following principal risks of the Group were identified and classified into strategic risks, operational risks and compliance risks.

Risk Areas	Principal Risks
Strategic Risks	Entry barriers are low to new competitors – Competition has intensified in the fitting-out and renovation industry in Hong Kong. New participants could enter the industry if they have the appropriate skills, local experience, necessary machinery and capital and/or are granted the requisite licenses by the relevant regulatory bodies. The Group faces competition from other contractors or new comers in the submission of tender for construction contracts who are able to offer services of higher quality at lower prices. Increased competition may lead to lower profit margins and loss of market share, and adversely impact the Group's profitability and operating results.
Operational Risks	Quality of outsourcing services may not meet the Group's requirement. The Group generally engages subcontractors to perform most of the site works and is responsible for the work performed by the subcontractors. If the works performed by the subcontractors do not meet the requirements of the project, the Group's operations and financial position may also be adversely affected. There is a risk of subcontracting workers' safety.
Compliance Risks	As a contracting service provider, in order to perform business operation, the Group have to procure the subcontractors to, comply with a number of construction, safety, building and environmental protection laws, regulations and requirements in Hong Kong. In the event that the subcontractors fail to meet the applicable construction, safety, environmental protection laws, regulations and requirements, the Group or the subcontractors may be subject to fines or required to make remedial measures which may in turn have an adverse effect on the operations and financial condition of the Group.

Our Risk Control Mechanism

The risk management activities of the Group are performed by management on an ongoing process. The effectiveness of the risk management framework will be evaluated at least annually, and periodic management meeting is held to update the progress of risk monitoring efforts. Management is committed to ensure that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

The Company will continue to engage external independent professionals to review the Group's systems of internal controls and risk management annually and further enhance the Group's internal control and risk management systems as appropriate.

There is currently no internal audit function within the Group. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. Nevertheless, the Directors will continue to review at least annually the need for an internal audit function.

The Directors present their report and the audited consolidated financial statements for the year ended 31 March 2019 ("Reporting Period"). All cross-references mentioned in this directors' report form part of this directors' report.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its principal subsidiaries are engaging in the premise enhancement solution service in Hong Kong by providing contracting service for (i) the internal fitting-out of newly built commercial premises and residential developments, and (ii) the renovation work as well as alteration and addition work for existing commercial premises.

RESULTS AND DIVIDEND

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 41 of this annual report.

The Board does not recommend the payment of a dividend for the Reporting Period (2018: Nil).

BUSINESS REVIEW

The business review of the Group for the Year is set out in the sections headed "Chairman's Statement & Management Discussion and Analysis" of this annual report. Description of the principal risks and uncertainties facing the Group and the likely future development of the Group can be found in the "Chairman's Statement & Management Discussion and Analysis" section and the "Corporate Governance Report" of this annual report.

Relationships with Employees, Suppliers and subcontractors and Customers

The Group understands that employees are valuable assets. The Group provides competitive remuneration package to attract and motivate its employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group's have established good and long-term relationships with major suppliers and subcontractors. Those suppliers from which we source our raw materials are mostly renowned in the industry. Our subcontractors are reliable industrial players which possess extensive experience in their respective fields. During the year, there was no material and significant dispute between the Group and its suppliers/ subcontractors.

The Group has been providing contracting services for newly built and existing commercial premises and residential developments in Hong Kong since our incorporation in 2008. For Fitting-out Projects, our clients mainly include property developers and main-contractors which were instructed by property developers to appoint us as the nominated subcontractor. For Renovation Projects, our clients mainly include property developers, landlords, government authority and renowned international and local retail brands. The Group is of the view that through our quality services and close contact with our clients, we would be able to maintain close relationship with our clients with a better understanding of their needs and preferences which allow the Group to provide tailor-made and value-added contracting services to them, and to continuously gain from the stable source of revenue.

Environmental Policy and Performance

The Group has taken measures on air pollution control, noise pollution control and waste disposal control in its daily operation. The Directors are not aware of any material non-compliance with the environmental laws and regulations during the Year. Further information on the Group's environmental policy and performance will be set out in the environmental, social and governance report of the Group to be published within three months after the date of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 17 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at the end of reporting year were as follows:

	31 March 2019 HK$'000	31 March 2018 HK$'000
Share premium	**40,201**	40,201
Other reserve	**1,000**	1,000
Accumulated (losses)/profits	**(54,696)**	(42,257)
	(13,495)	(1,056)

DIRECTORS

The Board comprises the following Directors during the Reporting Period and up to the date of this directors' report:

Executive Directors

Mr. Chan Siu Chung *(Chairman)*
Mr. Au Siu Kwong (appointed on 12 April 2019)
Mr. Zhang Hai Wei (appointed on 24 May 2019)
Ms. Zhang Qi (resigned on 3 April 2019)

Non-executive Director

Mr. Law Wing Kit (resigned on 3 April 2019)

Independent non-executive Directors

Mr. Yeung Chun Yue, David (appointed on 12 April 2019)
Ms. Lai Wing Sze (appointed on 24 May 2019)
Ms. Yu Wan Ki (appointed on 24 May 2019)
Mr. To Man Choy, Jacky (resigned on 4 April 2019)
Mr. Ko Kwok Fai, Dennis (resigned on 4 April 2019)
Ms. Tsang Kwok Shan, Sandy (resigned on 4 April 2019)

The Company has received from Mr. Yeung Chun Yue David, Ms. Lai Wing Sze and Ms. Yu Wan Ki an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers that they as independent. Since there is no available record, the current Board cannot confirm that Mr. To Man Choy, Jacky, Mr. Ko Kwok Fai, Dennis and Ms. Tsang Kwok Shan, Sandy had complied with the independence requirements set out in Rule 5.09 of the GEM Listing Rules.

The Company has received from each independent non-executive Director an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all of the independent non-executive Directors as independent.

Notwithstanding any other provisions in the Articles, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or 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 (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years. All the such service contracts are continuous until terminated by either party giving to the other not less than three months' notice in writing, or by payment of three months' salary in lieu of such notice.

Each of the independent non-executive Directors is appointed for a term of three years unless terminated by one month's notice in writing. All Directors are subject to the provisions of retirement and rotation of directors under the Articles.

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

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2019, the interests of the Directors of the Company in shares, underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("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 the Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Long positions in shares and underlying shares of the Company

Name	Capacity	Number of ordinary Shares held	Approximate percentage of the issued share capital of the Company as at 31 March 2019
Chan Siu Chung	Beneficial owner	76,500,000	38%

Mr. Chan held through Acropolis Limited in which Mr. Chan is the sole Director and shareholder.

Save as disclosed above, none of the Directors of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or its associated corporation as at 31 March 2019.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

During the Reporting Period, none of the Directors (including their spouses and children under the age of 18) had any interest in or was granted any right to subscribe for the shares in, or debentures of, the Company or its associated corporations, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS AND OTHERS' INTERESTS IN THE SHARES OF THE COMPANY

As at 31 March 2019, so far as are known to any Directors of the Company, the following parties (other than the Directors or chief executive of the Company) had interests in the shares or underlying shares of the Company (each a "Share") as recorded in the register required to be kept pursuant to section 336 of the SFO:

Name	Capacity	Number of ordinary Shares held	Approximate percentage of the issued share capital of the Company as at 31 March 2019
W & Q Investment Limited	Beneficial owner	73,500,000	37%
Liu Chang Kien	Interest in the controlled corporation	73,500,000	37%

Mr. Liu held through W & Q Investment Limited in which Mr. Liu is the sole shareholder.

Save as disclosed above, as at 31 March 2019, the Directors were not aware of any other person (other than a Director) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company or its subsidiaries was a party and in which a Director or an entity connected with a Director has or had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

No connected transaction (including continuing connected transaction) which would be subject to reporting and annual review requirements under Chapter 20 of the GEM Listing Rules was entered into by the Group during the Reporting Period or subsisted as at the end of the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, the aggregate amount of turnover attributable to the Group's five largest customers accounted for approximately 81% of the Group's total turnover and the turnover attributable to the Group's largest customer accounted for approximately 46% of the Group's total turnover.

The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 47% of the Group's total purchases and the purchases attributable to the Group's largest supplier accounted for approximately 23% of the Group's total purchases.

SHARE OPTION SCHEME

There was no share option scheme adopted by the Company at the date of this report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or the laws of Bermuda which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is determined by the remuneration committee of the Board ("Remuneration Committee") on the basis of merit, qualifications and competence.

The emoluments of the Directors and senior management of the Company are recommended by the Remuneration Committee and approved by the Board, having regard to the Company's operating results, individual performance and comparable market statistics.

REMUNERATION OF SENIOR MANAGEMENT

Pursuant to Provision B.1.5 of the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules, the remuneration of the senior management of the Company for the Reporting Period by band is as follows:

	Number of individuals
Nil to HK$1,000,000	1
HK$1,000,000 to HK$1,500,000	2

Further particulars in relation to Directors' remuneration and the five individuals with highest emoluments are set out in note 13 to the consolidated financial statements.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float throughout the year.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PERMITTED INDEMNITY PROVISION

During the Reporting Period and up to the date of this annual report, permitted indemnity provision (as defined in section 9 of the Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong)) was and is being in force for the benefit of the Directors.

INDEPENDENT AUDITORS

For the year ended 31 March 2018, HLB HODGSON IMPEY CHENG LIMITED was appointed, as the auditors of the Company.

EVENTS AFTER THE REPORTING PERIOD

Please refer to the paragraphs headed "Shareholders' Disputes" in this report in relation to the events after the Reporting Period.

On behalf of the Board
Chan Siu Chung
Chairman

Hong Kong, 27 June 2019

INDEPENDENT AUDITORS' REPORT

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

31/F, Gloucestor Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF AESO HOLDING LIMITED
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Aeso Holding Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 41 to 109, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

EMPHASIS OF MATTER

We draw attention to note 33 of the consolidated financial statements, which describes the winding-up proceedings against the Company which arose due to disputes amongst the controlling shareholders of the Company. On 29 April 2019, the Court ordered that the winding-up proceedings be dismissed by the consent of the parties. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Emphasis of Matter" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit losses assessment of account receivables and contract assets	
Refer to notes 19 and 22 to the consolidated financial statements and the accounting policies in note 4 to the consolidated financial statements	
As at 31 March 2019, the Group had gross account receivables and contract assets of approximately HK$14,694,000 and HK$18,397,000 respectively, and provision for allowance for expected credit losses of approximately HK$3,282,000 and HK$1,055,000 respectively. In general, the credit terms granted by the Group to the customers ranged between 0 to 30 days (2018: 0 to 30 days) on trade customers of contract works. Management performed periodic assessment on the recoverability of the account receivables and the sufficiency of provision for impairment based on information including credit profile of different customers, ageing of the account receivables, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and ongoing trading relationships with the relevant customers. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the allowance for expected credit losses assessment. We focused on this area due to the allowance for expected credit losses assessment of account receivables under the expected credit losses model involved the use of significant management judgements and estimates.	Our procedures in relation to management's assessment of the account receivables as at 31 March 2019 included: • Understanding and evaluating the key controls that the Group has implemented to manage and monitor its credit risk, and validating the control effectiveness on a sample basis; • Checking, on a sample basis, the ageing profile of the account receivables as at 31 March 2019 to the underlying financial records and post year-end settlements to bank receipts; • Inquiring of management for the status of each of the material account receivables past due as at year end and corroborating explanations from management with supporting evidence, such as performing public search of credit profile of selected customers, understanding ongoing business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers; and • Assessing the appropriateness of the expected credit losses provisioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses. We found that the management judgment and estimates used to assess the recoverability of the account receivables and determine the impairment provision to be supportable by available evidence.

Key audit matter	How our audit addressed the key audit matter

Contract Revenue Recognition and Accounting for Construction Contract

Refer to note 9 to the consolidated financial statements and the accounting policies in note 4 to the consolidated financial statements

The Group is involved in construction projects for which it applies the input method to measure the Group's progress towards complete satisfaction of a performance obligation and recognizes revenue over time in accordance with HKFRS 15 Revenue for contract with customers.

The revenue and profit recognised in a year on these projects is dependent, amongst others, on the assessment of the Group's efforts or inputs to the construction projects (i.e. contract cost incurred for work performed) relative to the total expected inputs to the construction projects (i.e. estimated total budgeted contract cost committed for the projects).

The uncertainty and subjectivity involved in determining the cost to complete and foreseeable losses may have a significant impact on the revenue and profit of the Group.

The Group's revenue recognition policy and key source of estimation uncertainty are set out in notes 4 and 5 to the consolidated financial statements.

Our procedures in relation to revenue recognition from construction projects included:

- obtained an understanding of the projects, evaluated the design and implementation of relevant controls and tested the operating effectiveness of the controls relating to revenue recognition and partially completed projects.

- assessed the Group's revenue recognition practice to determine that they are in compliance with HKFRS 15 Revenue from contracts with customers, including the assessment of the Group's efforts or inputs to the construction projects (i.e. contract cost incurred for work performed) relative to the total expected inputs to the construction projects (i.e. estimated total budgeted contract cost committed for the projects).

- For selected projects, our audit procedures included the following:

  i. agreed projects contract sum to signed contracts and variation orders;

  ii. obtained construction contract from management and reviewed for any specific or special performance obligations and conditions during the financial period;

  iii. assessed the reasonableness of cost incurred against our understanding of the projects;

  iv. vouched the actual cost incurred during the year to details of supplier invoices and subcontractors to check the validity and accuracy of the costs;

  v. performed cut-off testing to verify contract costs were taken up in the appropriate financial year;

Key audit matter	How our audit addressed the key audit matter

Contract Revenue Recognition and Accounting for Construction Contract

Refer to note 9 to the consolidated financial statements and the accounting policies in note 4 to the consolidated financial statements

vi. assessed and vouched to the estimated cost to complete by substantiating costs that have been committed to quotations and contracts entered;

vii. performed retrospective review by comparing the total actual contract costs incurred at completion against the total budgeted contract costs to assess the reasonableness of the estimates used by the management;

viii. for projects in progress, we further recomputed the percentage of the progress of the contract based on input method to test the accuracy of the percentage of the progress to determine the revenue;

ix. for projects completed during the year, we obtained the certificate of substantial completion and verified that the remaining revenue has been captured;

x. compared total contract revenue to actual cost incurred plus estimated cost to complete, and assessed for foreseeable losses;

xi. examined the project documentation (including contracts effective during the financial period, terms and conditions) and discussed with management on the progress of significant projects to determine if there are any changes such as delays, penalties, overruns which may result in liquidated damages.

- assessed the appropriateness and adequacy of the disclosures made in the consolidated financial statements.

Based on our audit procedures performed above, we found that the management's judgement in relation to the estimation of construction contracts to be reasonable.

INDEPENDENT AUDITORS' REPORT

OTHER INFORMATION

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

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 AND THE AUDIT COMMITTEE 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 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 Audit Committee are responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion 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 judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

The engagement director on the audit resulting in the independent auditors' report is Hon Koon Fai, Alex.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hon Koon Fai, Alex
Practising Certificate number: P05029

Hong Kong, 27 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	**2019 HK$'000**	2018 HK$'000
Revenue	*9*	**88,913**	96,306
Cost of services		**(81,414)**	(105,482)
Gross profit/(loss)		**7,499**	(9,176)
Other income	*10*	**50**	14
Reversal of allowance for expected credit losses		**1,706**	–
Administrative expenses		**(17,824)**	(23,073)
Finance costs	*11*	**(3,927)**	(3,065)
Loss before taxation	*12*	**(12,496)**	(35,300)
Taxation	*15*	**57**	55
Loss and total comprehensive expense for the year		**(12,439)**	(35,245)
Loss per share attributable to equity holders of the Company			
Basic and diluted (HK cents)	*16*	**(6.22)**	(17.62)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment	*17*	**1,370**	2,675
Rental deposits	*19*	**–**	591
		1,370	3,266
Current assets			
Amounts due from customers for contract works	*18*	**–**	6,218
Account and other receivables	*19*	**15,051**	25,376
Contract assets	*22*	**17,342**	–
Tax recoverable		**3,432**	3,432
Pledged bank deposits	*20*	**28,798**	33,874
Bank balances and cash	*20*	**9,269**	514
		73,892	69,414
Current liabilities			
Amounts due to customers for contract works	*18*	**–**	1,467
Account and other payables	*21*	**27,223**	15,956
Contract liabilities	*22*	**8,670**	–
Other borrowings	*23*	**36,982**	36,982
Bank overdrafts	*24*	**–**	564
Obligations under finance leases	*25*	**181**	176
		73,056	55,145
Net current assets		**836**	14,269
Total assets less current liabilities		**2,206**	17,535

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	**2019 HK$'000**	2018 HK$'000
Non-current liabilities			
Obligations under finance leases	*25*	**101**	282
Deferred tax liabilities	*27*	**–**	57
		101	339
Net assets		**2,105**	17,196
Capital and reserves			
Share capital	*26*	**15,600**	15,600
Reserves		**(13,495)**	1,596
Total equity		**2,105**	17,196

The consolidated financial statements were approved and authorised for issued by the board of directors on 27 June 2019 and are signed on its behalf by:

Chan Siu Chung
Executive Director

Au Siu Kwong
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Share Capital HK$'000	Share Premium HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2017	15,600	40,201	1,000	(4,360)	52,441
Loss and total comprehensive expense recognised for the year	–	–	–	(35,245)	(35,245)
At 31 March 2018	15,600	40,201	1,000	(39,605)	17,196
Adoption of HKFRS 9 *(note)*	–	–	–	(2,652)	(2,652)
Adjusted balance at 1 April 2018	15,600	40,201	1,000	(42,257)	14,544
Loss and total comprehensive expense recognised for the year	–	–	–	(12,439)	(12,439)
At 31 March 2019	**15,600**	**40,201**	**1,000**	**(54,696)**	**2,105**

Note:

Upon the adoption of HKFRS 9 "Financial Instrument" on 1 April 2018, the impact of HK$2,652,000 was recorded as an adjustment to the accumulated losses as at 1 April 2018, which represented the allowance for expected credit losses. Details of the adjustment are set out in note 2.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(12,496)**	(35,300)
Adjustments for:		
Depreciation of property, plant and equipment	**1,315**	1,374
Finance costs	**3,927**	3,065
Interest income	**–**	(5)
Reversal of allowance for expected credit losses recognised on account receivables	**(1,541)**	–
Reversal of allowance for expected credit losses recognised on contract assets	**(165)**	–
Operating cash flows before movements in working capital	**(8,960)**	(30,866)
Increase in amounts due from customers for contract works	**–**	(4,655)
Increase in contract assets	**(3,766)**	–
Decrease in account and other receivables	**2,612**	22,573
Decrease in amounts due to customers for contract works	**–**	(12,053)
Increase in contract liabilities	**539**	–
Increase in account and other payables	**17,931**	1,918
Cash generated from/(used in) operations	**8,356**	(23,083)
Income tax paid	**–**	(858)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	**8,356**	(23,941)
INVESTING ACTIVITIES		
Placement of pledged bank deposits	**–**	(22,628)
Purchase of property, plant and equipment	**(10)**	(322)
Withdrawal of pledged bank deposits	**5,076**	7,035
Interest income received	**–**	5
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	**5,066**	(15,910)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 31 March 2019

	2019	2018
	HK$'000	HK$'000
FINANCING ACTIVITIES		
Repayment of factoring account receivables	**–**	(34,303)
Repayment of bank borrowings	**–**	(6,595)
Repayment of obligations under finance leases	**(187)**	(810)
Interest paid	**(3,916)**	(2,924)
Advances drawn on factoring account receivables	**–**	30,374
Other borrowings raised	**–**	36,982
Bank borrowings raised	**–**	6,500
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	**(4,103)**	29,224
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**9,319**	(10,627)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**(50)**	10,577
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**9,269**	(50)
Represented by:		
Bank balances and cash	**9,269**	514
Bank overdrafts	**–**	(564)
	9,269	(50)

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 10 December 2015. Its ultimate controlling party is Acropolis Limited. The address of the registered office and the principal place of business of the Company are 18/F., The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the premise enhancement solution service in Hong Kong by providing contracting service for (i) the internal fitting-out of newly built commercial premises and residential developments, and (ii) the renovation work as well as alteration and addition work for existing commercial premises.

The consolidated financial statements is presented in Hong Kong Dollar ("HK$"), which is the same as the functional currency of the Company and its subsidiaries and all value are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

2. REORGANISATION AND BASIS OF PRESENTATION

Prior to the Group Reorganisation, the provision of fitting-out works, renovation works and alteration and addition works were carried out by Aeso Limited ("AESO").

To rationalise the corporate structure in preparation for the Listing on the GEM of the Stock Exchange, the entities comprising the Group underwent the Group Reorganisation which mainly involved (i) incorporation of the Company as an exempted company with limited liability in the Cayman Islands on 10 December 2015 and (ii) interspersing investment holding entities, including the Company and Aeschylus, between Aeso and the ultimate equity shareholder and the controlling shareholder before 22 December 2016, the completion date of the Capitalisation Issue and the Placing, Mr. Chan Siu Chung ("Mr. Chan").

Major steps of the Group Reorganisation are as follows:

i. On 10 December 2015, the Company was incorporated with an authorised share capital of United States Dollar ("US$") $50,000 divided into 50,000 shares of US$1.00 each, with one fully paid share issued to the initial subscriber. On 14 December 2015, the one share was transferred to Mr. Chan and later transferred to Acropolis Limited ("Acropolis"), a company incorporated in the BVI and wholly-owned by Mr. Chan, at par on 5 February 2016. After the aforesaid allotment and issue of share, the then issued share capital of the Company was wholly-owned by Acropolis.

ii. On 16 December 2015, Aeschylus was incorporated with one ordinary share with no par value allotted and issued to Mr. Chan. On 5 February 2016, the Company acquired the entire issued share capital of Aeschylus from Mr. Chan at a consideration of US$1.00 as fully paid. As a result, Aeschylus has become a wholly-owned subsidiary of the Company.

iii. On 29 February 2016, Mr. Chan transferred the entire issued share capital in Aeso to Aeschylus for a consideration of HK$1.00. As a result, the Company became the holding company of the Group and Aeschylus became the intermediate holding company of Aeso.

2. REORGANISATION AND BASIS OF PRESENTATION (continued)

iv. On 21 March 2016, the Company allotted and issued a total of 5,099 shares of the Company to Acropolis, at par. On the same date, the Company, Acropolis and W & Q Investment Limited ("W & Q"), a company incorporated in the BVI and ultimately controlled by Mr. Liu Chang Kien, an independent third party with Mr. Chan, entered into a share subscription and shareholders agreement dated 21 March 2016 and its supplemental agreement dated on 22 April 2016, pursuant to which W & Q agreed to subscribe and the Company agreed to allot and issue a total of 4,900 shares of the Company, being 49% of its then issued share capital, for a consideration of HK$19,913,600. On 8 April 2016, the Company allotted and issued 4,900 shares of the Company to W & Q. Following the completion of the share subscription by W & Q on 8 April 2016, the Company is held as to 51% by Acropolis and 49% by W & Q.

v. On 23 June 2016, the Company underwent a subdivision of shares whereby each of the existing issued and unissued ordinary Shares of par value of US$1.00 was subdivided into 100 ordinary Shares of par value of US$0.01 each, and such subdivided Shares shall carry the same rights with each other, such that after the subdivision, the authorised share capital of the Company became US$50,000 divided into 5,000,000 Shares of par value of US$0.01 each, and the issued share capital of the Company became US$10,000 divided into 1,000,000 Shares of par value of US$0.01 each.

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

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

In the current year, the Group has applied for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial year beginning from 1 April 2018. A summary of the new and revised HKFRSs applied by the Group is set out as follows:

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

The above new HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (continued)

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

Impact on the consolidated financial statements

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the application of new HKFRSs have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below:

Consolidated statement of financial position (extract)	31 March 2018 HK$'000 (As reported)	HKFRS 15 HK$'000	HKFRS 9 HK$'000	1 April 2018 HK$'000 (Restated)
Current assets				
Contract assets	–	13,740	(279)	13,461
Amounts due from customers for contract works	6,218	(6,218)	–	–
Account and other receivables	25,376	(7,522)	(2,373)	15,481
Current liabilities				
Account and other payables	15,956	(6,664)	–	9,292
Amounts due to customers for contract works	1,467	(1,467)	–	–
Contract liabilities	–	8,131	–	8,131
Net assets	17,196	–	(2,652)	14,544
Capital and reserves				
Reserves	1,596	–	(2,652)	(1,056)
Total equity	17,196	–	(2,652)	14,544

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

HKFRS 9 Financial Instruments

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

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

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

Below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

Under the transition methods chosen, the Group recognises the cumulative effect of the initial application of HKFRS 9 as an adjustment to the opening balance of equity at 1 April 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been affected by HKFRS 9.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (continued)

HKFRS 9 Financial Instruments (continued)

(i) Classification and measurement

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and contract assets subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Amount under amortised cost (previously classified as loans and receivables) HK$'000	Amounts due from customers for contract works HK$'000	Contract assets HK$'000	Amounts due to customers for contract works HK$'000	Contract liabilities HK$'000	Accumulated losses HK$'000	Account and other payables HK$'000
Closing balance as 31 March 2018 – HKAS 39	25,376	6,218	–	1,467	–	(39,605)	15,956
Effect arising from initial application of HKFRS 15	(7,522)	(6,218)	13,740	(1,467)	8,131	–	(6,664)
Effect arising from initial application of HKFRS 9:							
Remeasurement							
– Impairment under ECL	(2,373)	–	(279)	–	–	(2,652)	–
Opening balance at 1 April 2018	15,481	–	13,461	–	8,131	(42,257)	9,292

Classification and measurement of financial assets and financial liabilities at amortised cost

Account receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognized financial assets and financial liabilities that are within the scope of HKFRS 9 are subsequently measured at amortised cost.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (continued)

HKFRS 9 Financial Instruments (continued)

(ii) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all account receivables and contract assets. Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including pledged bank deposits, other receivables and bank balances and cash are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition.

Other financial assets measured at amortised cost

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

As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

All loss allowances including account receivables and contract assets at amortised cost as at 31 March 2018 reconciled to the opening loss allowances as at 1 April 2018 are as follows:

	Contract assets HK$'000	**Account receivables** HK$'000	**Total** HK$'000
At 31 March 2018 – HKAS 39	941	2,450	3,391
Amounts remeasured through opening			
Accumulated losses	279	2,373	2,652
At 1 April 2018 – HKFRS 9	1,220	4,823	6,043

The reserve movement as at 31 March 2018 reconciled to the opening balances as at 1 April 2018 are as follows:

	Accumulated losses HK$'000
Balance as at 31 March 2018, as originally presented	(39,605)
Remeasurement under HKFRS 9	
Increase in provision for	
– account receivables	(2,373)
– contract assets	(279)
At 1 April 2018, as restated	(42,257)

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

HKFRS 15 Revenue from Contracts with Customers and the related Amendments

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

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

The Group recognises revenue from the fitting out projects and renovation projects with customers.

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in note 4.

Summary of effects arising from initial application of HKFRS 15

The following table summarises the impacts of transition to HKFRS 15 on the consolidated statement of financial position at 1 April 2018.

Line items that were not affected by the changes have not been included.

	HKAS 18 carry amount at 31 March 2018	Reclassification	HKFRS 15 carrying amount at 1 April 2018
	HK$'000	HK$'000	HK$'000
Current assets			
Account and other receivables	25,376	(7,522)	17,854
Amounts due from customers for contract works	6,218	(6,218)	–
Contract assets	–	13,740	13,740
Current liabilities			
Account and other payables	15,956	(6,664)	9,292
Amounts due to customers for contract works	1,467	(1,467)	–
Contract liabilities	–	8,131	8,131

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

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

(i) Presentation of assets and liabilities related to contracts with customers

The Group has also changed the presentation of the following amounts in the consolidated statement of financial position to reflect the terminology of HKFRS 15:

– In relation to construction contracts previously accounted under HKAS 11, the Group continues to apply input method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. HK$6,218,000, HK$1,467,000, HK$7,522,000 and HK$6,664,000 of amounts due from/to customers for contract work and retention receivables/payables were reclassified to contract assets and contract liabilities respectively.

– These amounts are presented before adjustments of HKFRS 9.

(ii) Timing of revenue recognition

As a result of the changes in the Group's accounting policies, as explained below, except for the reclassification of the contract assets/contract liabilities from trade and retention sum receivables and amounts due from/to customers for contract works, HKFRS 15 was generally adopted without restating any other comparative information. The adoption of HKFRS 15 in the current period does not result in any impact on the amounts reported in the consolidated financial information and/or disclosures set out in the consolidated financial information except that, the Group has adopted the following accounting policies as stated in note 4 on revenues with effect from 1 April 2018.

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

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

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position at 31 March 2019 and its consolidated statement of cash flows for the current year for each of the line items affected. There is no impact on the consolidated statement of profit or loss and other comprehensive income for the current year. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	Carrying amounts as report HK$'000	Adjustments HK$'000	Carrying amounts without application of HKFRS 15 HK$'000
Current assets			
Account and other receivables	15,051	8,227	23,278
Amounts due from customers for contract works	–	9,115	9,115
Contract assets	17,342	(17,342)	–
Current liabilities			
Account and other payables	27,223	7,869	35,092
Amounts due to customers for contract works	–	801	801
Contract liabilities	8,670	(8,670)	–

Impact on the consolidated statement of cash flows

	Carrying amounts as report HK$'000	Adjustments HK$'000	Carrying amounts without application of HKFRS 15 HK$'000
Cash flows from operating activities			
Increase in amounts due from customers for contract works	–	(2,897)	(2,897)
Decrease in account and other receivables	2,612	(869)	1,743
Increase in contract assets	(3,766)	3,766	–
Current liabilities			
Increase in account and other payables	17,931	1,205	19,136
Decrease in amounts due to customers for contract works	–	(666)	(666)
Increase in contract liabilities	539	(539)	–

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

New and amendments to HKFRSs in issue not yet effective

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

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

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

HKFRS 16 Leases

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

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

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

HKFRS 16 Leases (continued)

As set out in note 28, total operating lease commitment of the Group in respect of its office, as at 31 March 2019 was amounting to approximately HK$1,031,000. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's results at this stage but it is expect certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognize the cumulative effect of initial application to opening retained earnings without restating comparative information.

Except disclosed above, the Directors do not anticipate that the application of other new and revised HKFRSs will have a material impact on the Group's financial performance and financial position.

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation of financial statements

The consolidated financial statements have been prepared on the historical cost. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation of financial statements (continued)

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

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

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Construction Contracts

Contract revenue comprises the agreed contract amount and appropriate amounts for variation orders, claims and incentive payment. Contract costs include costs that related directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Contract costs are recognised when incurred and costs that relate directly to a specific contract comprise site labour costs; costs of subcontracting; costs of materials used in construction and an appropriate portion of variable and fixed construction overheads.

Variation in contract works and claims are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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

The outcome of a construction contract can be estimated reliably when: (i) the total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction cannot be estimated reliably, contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable.

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

Costs of construction contracts include costs that relate directly to the specific contract and costs that are attributable to contract activity and can be allocated to the contract. Such costs include but are not limited to material and consumables, direct labour, subcontracting charges and accommodation expenses. When progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers. When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and other Income recognition (upon application of HKFRS 15 In accordance with transition In note 3)

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the Group transferred the associated goods or services before payments from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The Group recognises interest income during the period between the payment from customers and the transfer of the associated goods or services.

Variable consideration

For contracts that contain variable consideration (to specify), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (before application pf HKFRS 15 on 1 April 2018)

Revenue is measured at the fair value of the consideration received or receivable.

The Group's policy for recognition of revenue from construction contracts is described in the accounting policy for construction contracts.

Revenue from construction contracts is recognised on the percentage of completion method, measured by reference to the certification by architects. If the certificate of architects was not provided, revenue is recognised by reference to the proportion of actual costs incurred up to the date to the estimated total cost of the relevant contract.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leases

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Borrowing costs

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefits costs

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

Taxation

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment held for use in the supply of services, or for administrative purposes are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

Property, plant and equipment held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease terms, assets are depreciated over the shorter of the lease terms and their estimated useful lives.

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

Financial instruments

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

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

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

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

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

Amortised cost and interest income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets (upon application of HKFRS9 in accordance with transition in note 2)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including account and other receivables, contract assets, pledged bank deposits and bank balances and cash). The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

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

The Group always recognise lifetime ECL for trade receivables without significant financing component. The ECL on these assets are assessed individually for credit card trade receivables and collectively for corporate customers using a provision matrix with past due status grouping.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Definition of default

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

Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is the disappearance of an active market for security because of financial difficulties; or

(e) the purchase of financial asset at a deep discount that reflect the incurred credit losses.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of account and other receivables, when the amounts are over 3 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

– Nature of financial instruments (i.e. the Group's account and other receivables and contract assets are each assessed as a separate group).;

– Past-due status;

– Nature, size and industry of debtors; and

– External credit ratings where available.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
Financial assets (continued)
Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018)
Financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including account and other receivables, amounts due from customers for contract works, pledged bank deposits and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

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

Impairment of financial assets (before application of HKFRS9 on 1 April 2018)
Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
Financial assets (continued)
Impairment of financial assets (before application of HKFRS9 on 1 April 2018) (continued)
For all financial assets, objective evidence of impairment could include:

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

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

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

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

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

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

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities, including account and other payables, amounts due to customers for contract works, other borrowings, bank overdrafts and obligations under finance leases, are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Derecognition

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities (continued)

Derecognition (continued)

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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

Related parties transactions

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

(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 of the Group;

  (ii) has significant influence over the Group; or

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties transactions (continued)

(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 Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also 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); or

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

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that person in their dealing with the entity.

A transaction is considered to be a related party transaction when there is a transfer of resources, or obligations between the Group and a related party, regardless of whether a price is charged.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's 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 to 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment on tangible assets

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

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

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

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

5. SIGNIFICANT ACCOUNTING ESTIMATION AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgements, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an 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.

5. SIGNIFICANT ACCOUNTING ESTIMATION AND JUDGEMENTS (continued)

Critical judgements in applying accounting policies

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

Revenue recognition of construction works

The Group recognises contract revenue and profit of a construction contract according to the Management's estimation of the progress and outcome of the project. Estimated revenue is determined in accordance with the terms set out in the relevant contracts. Estimated contract costs, which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the experience of the management. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction 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.

Key sources of estimation uncertainty

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

Provision of ECL for account receivables and contract assets

The Group uses provision matrix to calculate ECL for the account receivables and contract assets. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, account receivables and contract assets with significant balances and credit impaired are assessed for ECL individually. The provision of ECL is sensitive to changes in estimates.

Income taxes and deferred taxation

The Group is subjected to income taxes in Hong Kong. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders and maintaining an adequate capital structure.

The Group's overall strategy remain unchanged from 2016.

The capital structure of the Group consists of net debts, which include bank overdrafts (note 24), other borrowings (note 23), obligations under finance leases (note 25), net of cash and cash equivalents and equity, comprising paid in capital and reserves.

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

	2019	2018
	HK$'000	HK$'000
Total debt *(Note)*	**37,264**	38,004
Less: Pledged bank deposits	**(28,798)**	(33,874)
Bank balances and cash	**(9,269)**	(514)
Net debt	**(803)**	3,616
Total equity	**2,105**	17,196
Gearing ratio	**N/A**	0.21

Note:

Total debt comprises other borrowings, bank overdrafts and obligations under finance leases as detailed in notes 23, 24 and 25 to the consolidated financial statements respectively.

7. FINANCIAL INSTRUMENTS

7a. Categories of financial instruments

	2019 HK$'000	2018 HK$'000
Financial assets		
Amortised cost/loans and receivables (including bank balances and cash)	**61,025**	58,980
Financial liabilities		
Amortised cost	**52,534**	46,539

7b. Financial risk management objectives and policies

The Group's major financial instruments include account and other receivables, pledged bank balances, bank balances and cash, account and other payables, other borrowings, bank overdrafts and obligations under finance leases. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The main risks arising from the Group's financial instruments in the normal course of the Group's business are interest rate risk, credit risk, liquidity risk and currency risk. These risks are limited by the Group's financial management policies and practices described below. Generally, the Group introduces conservative strategies on its risk management.

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to bank balances, bank overdrafts, debenture, obligation under finance lease and other borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and Hong Kong Interbank Offered Rate arising from bank overdrafts and bank borrowings.

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

No sensitivity analysis on interest rate risk on bank deposits is presented as the Directors consider the sensitivity on interest rate risk on bank deposits is insignificant.

For sensitivity analysis on interest rates risk for variable-rate advances drawn on account receivables factored with recourse, bank overdrafts and bank borrowings, the analysis is prepared assuming that the amount of variable-rate financial liabilities outstanding at the end of the reporting period were outstanding for the whole year. 50 basis points increase or decrease represent the management's assessment of the reasonable possible change in interest rates of variable-rate financial liabilities as disclosed above. If interest rates on variable-rate financial liabilities as disclosed above had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2019 would decrease/increase by approximately HK$186,000 (2018: HK$190,000).

7. FINANCIAL INSTRUMENTS (continued)

7b. Financial risk management objectives and policies (continued)

Credit risk

The Group's credit risk is primarily attributable to its account and other receivables and contract assets. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group applies with simplified approach to provide for expected credit losses presented by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all account receivables and contract assets. To measure the expected credit losses, account receivables have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the economic variable credit risk and expected credit loss.

In order to minimise the credit risk, the Directors have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Directors have reviewed the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group is exposed to concentration of credit risk as at 31 March 2019 on account and retention receivables from the Group's five major customers amounting to approximately HK$13,011,000 (2018: HK$12,609,000) and accounted for 66% (2018: 60%) of the Group's total account and retention receivables. The major customers of the Group are reputable organisations. The Directors closely monitor the subsequent settlement of the customers. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

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

7. FINANCIAL INSTRUMENTS (continued)

7b. Financial risk management objectives and policies (continued)

Credit risk (continued)

Approximately 80% and 64% of total account receivables outstanding at 31 March 2019 and 2018 were due from top 5 account receivables which exposed the Group to concentration of credit risk.

	Within 30 days	31 – 60 days	61 – 120 days	121 – 365 days	Over 365 days	Total
As at 1 April 2018						
Expected credit loss ("ECL") rate	2.60%	–	–	100%	62.11%	30.33%
Gross carrying amount (HK$'000)	8,575	–	–	128	7,200	15,903
Lifetime ECL (HK$'000)	(223)	–	–	(128)	(4,472)	(4,823)
	8,352	–	–	–	2,728	11,080

	Within 30 days	**31 – 60 days**	**61 – 120 days**	**121 – 365 days**	**Over 365 days**	**Total**
As at 31 March 2019						
ECL rate	**1.97%**	**8.54%**	**–**	**26.82%**	**95.48%**	**22.34%**
Gross carrying amount (HK$'000)	**7,014**	**3,876**	**–**	**1,193**	**2,611**	**14,694**
Lifetime ECL (HK$'000)	**(138)**	**(331)**	**–**	**(320)**	**(2,493)**	**(3,282)**
	6,876	**3,545**	**–**	**873**	**118**	**11,412**

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings, as appropriate.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

7. FINANCIAL INSTRUMENTS (continued)

7b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity table

	Weighted Average Effective Interest rate	Repayable on demand or less than 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	Total undiscounted cash flows	Total
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2019							
Account and other payables	**–**	**7,401**	**–**	**–**	**–**	**7,401**	**7,401**
Other borrowings	**10.59**	**37,961**	**–**	**–**	**–**	**37,961**	**36,982**
Obligations under finance leases	**3.73**	**–**	**187**	**102**	**–**	**289**	**282**
		45,362	**187**	**102**	**–**	**45,651**	**44,665**
At 31 March 2018							
Account and other payables	–	8,535	–	–	–	8,535	8,535
Bank overdrafts	4.19	564	–	–	–	564	564
Other borrowings	10.59	–	38,614	–	–	38,614	36,982
Obligations under finance leases	3.72	–	187	187	102	476	458
		9,099	38,801	187	102	48,189	46,539

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

7. FINANCIAL INSTRUMENTS (continued)

7b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity table (continued)

The Directors believe that the principal and interest will be repaid in accordance with the scheduled repayment dates set out in the loan agreements and the principal and interest cash outflows according to the scheduled repayment dates are set out as follows:

	Weighted average effective interest rate	Repayable on demand or less than 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	Total undiscounted cash flows	Total
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2019							
Other borrowings	**10.59**	**37,961**	**–**	**–**	**–**	**37,961**	**36,982**
Obligation under finance leases	**3.73**	**–**	**187**	**102**	**–**	**289**	**282**
At 31 March 2018							
Bank overdrafts	4.19	564	–	–	–	564	564
Other borrowings	10.59	–	38,614	–	–	38,614	36,982
Obligation under finance leases	3.72	–	187	187	102	476	458

7c. Fair value measurements of financial instruments

The Directors consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost and recorded in the consolidated financial statements approximate their fair values.

8. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank borrowing	Bank overdrafts	Other borrowings	Obligations under finance leases	Advances drawn on account receivables factored with recourse	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2017	–	–	–	1,236	3,915	5,151
Accrued interest	95	18	2,906	32	14	3,065
Interest paid	(95)	(18)	(2,906)	(32)	(14)	(3,065)
Financing cash outflows	(6,500)	–	–	(778)	(34,289)	(41,567)
Financing cash inflows	6,500	564	36,982	–	30,374	74,420
At 31 March 2018	–	564	36,982	458	–	38,004
At 1 April 2018	**–**	**564**	**36,982**	**458**	**–**	**38,004**
Accrued interest	**–**	**–**	**3,916**	**11**	**–**	**3,927**
Interest paid	**–**	**–**	**(3,916)**	**(11)**	**–**	**(3,927)**
Financing cash outflows	**–**	**(564)**	**–**	**(176)**	**–**	**(740)**
Financing cash inflows	**–**	**–**	**–**	**–**	**–**	**–**
At 31 March 2019	**–**	**–**	**36,982**	**282**	**–**	**37,264**

9. REVENUE AND SEGMENT INFORMATION

Revenue

	2019 HK$'000	2018 HK$'000
(i) Over-time of revenue recognition		
Fitting-out projects	**52,911**	82,731
Renovation projects	**36,002**	13,575
	88,913	96,306
Outstanding Contract amount	**234,411**	112,003

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 March 2019, the aggregated amount of the transaction price allocated to the remaining performance obligation under the Group's existing contracts is HK$234,411,000. This amount represents revenue expected to be recognised in the future from pre-completion construction contracts entered into by the customers with the Group. The Group will recognised the expected revenue in future when or as the work is completed which is expected to occur within the next 12 months.

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the year ended 31 March 2019

	Fitting-out Projects HK$'000	Renovation Projects HK$'000	Total HK$'000
Revenue			
Segment revenue	**52,911**	**36,002**	**88,913**
Segment (loss)/profit	**(496)**	**7,995**	**7,499**
Unallocated income			**1,756**
Unallocated expenses			**(21,751)**
Loss before taxation			**(12,496)**

9. REVENUE AND SEGMENT INFORMATION (continued)

Revenue (continued)
For the year ended 31 March 2018

	Fitting-out Projects HK$'000	Renovation Projects HK$'000	Total HK$'000
Revenue			
Segment revenue	82,731	13,575	96,306
Segment loss	(7,601)	(1,575)	(9,176)
Unallocated income			14
Unallocated expenses			(26,138)
Loss before taxation			(35,300)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment (loss)/profit represents the (loss)/profit from each segment before taxation without allocation of other income, administration expenses and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment. No analysis of the Group's assets and liabilities is regularly provided to the CODM for review.

Geographical information

The Group's revenue is all derived from operations in Hong Kong and the Group's non-current assets are all located in Hong Kong.

Information about major customers

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

		2019 HK$'000	2018 HK$'000
Customer 1	Fitting-out Projects	**–**[1]	36,588
Customer 2	Renovation Projects	**11,444**	–[1]
Customer 3	Fitting-out Projects	**–**[1]	30,547
Customer 4	Fitting-out Projects	**41,109**	11,298

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

10. OTHER INCOME

	2019 HK$'000	2018 HK$'000
Bank interest income	–	5
Sundry income	50	9
	50	14

11. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest on:		
Bank borrowings	–	95
Bank overdrafts	–	18
Other borrowing	3,916	2,906
Finance leases	11	32
Advances drawn on account receivables factored with recourse	–	14
	3,927	3,065

12. LOSS BEFORE TAXATION

	2019 HK$'000	2018 HK$'000
Loss before taxation has been arrived at after charging:		
Directors' emolument *(note 13)*	2,804	4,488
Other staff costs:		
Salaries and other allowances	78,382	15,637
Retirement benefits scheme contributions	461	482
Total staff costs	81,647	20,607
Less: amounts included in cost of services	(9,195)	(10,360)
	72,452	10,247
Auditors' remuneration	600	500
Depreciation of property, plant and equipment *(note 17)*	1,315	1,374
Minimum operating lease rentals in respect of rental premises	2,248	2,236
Reversal of allowance for expected credit losses recognised on account receivables	(1,541)	–
Reversal of allowance for expected credit losses recognised on contract assets	(165)	–

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable (including emoluments for the services as employees of the group entities prior to becoming directors of the Company) to the directors of the Company during the year for their services rendered to the entities comprising the Group are as follows:

(a) Executive directors

	Fee	Salaries and other allowances	Discretionary bonus	Retirement benefit scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2019					
Executive directors					
Mr. Chan	**–**	**2,178**	**408**	**18**	**2,604**
Mr. Cheung *(note i)*	**–**	**136**	**–**	**4**	**140**
Mr. Au Siu Kwong ("Mr. Au") *(note ii)*	**–**	**–**	**–**	**–**	**–**
Mr. Zhang Hai Wei ("Mr. Zhang") *(note iii)*	**–**	**–**	**–**	**–**	**–**
Total	**–**	**2,314**	**408**	**22**	**2,744**
Year ended 31 March 2018					
Executive directors					
Mr. Chan	–	2,178	479	18	2,675
Mr. Cheung *(note i)*	–	1,274	101	30	1,405
Mr. Au Siu Kwong ("Mr. Au") *(note ii)*	–	–	–	–	–
Mr. Zhang Hai Wei ("Mr. Zhang") *(note iii)*	–	–	–	–	–
Total	–	3,452	580	48	4,080

Notes:

(i) Mr. Cheung was appointed as an executive director of the Company on 29 April 2016 and removed on 12 June 2017.

(ii) Mr. Au was appointed as an executive director of the Company on 12 April 2019.

(iii) Mr. Zhang was appointed as an executive director of the Company on 25 April 2019.

(iv) Discretionary bonus was determined with reference to the Group's revenue, operating results, individual performance and comparable market statistics.

(v) The balances shown above were for their services in connection with the management of the affairs of the Group.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(b) Non-executive directors

	Fee HK$'000	Salaries and other allowances HK$'000	Discretionary bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2019					
Non-executive directors					
Ms. Zhang Qi ("Ms. Zhang") *(note i)*	–	–	–	–	–
Mr. Law Wing Kit ("Mr. Law") *(note ii)*	–	–	–	–	–
	–	–	–	–	–
Year ended 31 March 2018					
Non-executive directors					
Ms. Zhang Qi ("Ms. Zhang") *(note i)*	23	–	–	–	23
Mr. Law Wing Kit ("Mr. Law") *(note ii)*	23	–	–	–	23
	46	–	–	–	46

Notes:

(i) Ms. Zhang was removed on 9 June 2017.

(ii) Mr. Law was removed on 9 June 2017.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS
(continued)

(c) Independent non-executive directors

	Fee HK$'000	Salaries and other allowances HK$'000	Discretionary bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2019					
Independent non-executive directors					
Mr. Lee Chi Chung ("Mr. Lee") *(note i)*	20	–	–	–	20
Mr. Leung Ka Kui Johnny ("Mr. Leung") *(note ii)*	–	–	–	–	–
Mr. Wang Aisheng ("Mr. Wang") *(note i)*	20	–	–	–	20
Mr. Ye wenxin ("Mr. Ye") *(note i)*	20	–	–	–	20
Mr. Or Chun Man ("Mr. Or") *(note ii)*	–	–	–	–	–
Mr. Ko Kwok Fai Dennis ("Mr. Ko") *(note iii)*	–	–	–	–	–
Mr. To Man Choy Jacky ("Mr. To") *(note iii)*	–	–	–	–	–
Ms. Tsang Kwok Shan Sandy ("Ms. Tsang") *(note iii)*	–	–	–	–	–
Mr. Yeung Chun Yue David ("Mr. Yeung") *(note iv)*	–	–	–	–	–
Ms. Lai Wing Sze ("Ms. Lai") *(note v)*	–	–	–	–	–
Ms. Yu Wan Ki ("Ms. Yu") *(note v)*	–	–	–	–	–
	60	–	–	–	60

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(c) Independent non-executive directors (continued)

	Fee HK$'000	Salaries and other allowances HK$'000	Discretionary bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Independent non-executive directors					
Mr. Lee Chi Chung ("Mr. Lee") *(note i)*	120	–	–	–	120
Mr. Leung Ka Kui Johnny ("Mr. Leung") *(note ii)*	23	–	–	–	23
Mr. Wang Aisheng ("Mr. Wang") *(note i)*	98	–	–	–	98
Mr. Ye wenxin ("Mr. Ye") *(note i)*	98	–	–	–	98
Mr. Or Chun Man ("Mr. Or") *(note ii)*	23	–	–	–	23
Mr. Ko Kwok Fai Dennis ("Mr. Ko") *(note iii)*	–	–	–	–	–
Mr. To Man Choy Jacky ("Mr. To") *(note iii)*	–	–	–	–	–
Ms. Tsang Kwok Shan Sandy ("Ms. Tsang") *(note iii)*	–	–	–	–	–
Mr. Yeung Chun Yue David ("Mr. Yeung") *(note iv)*	–	–	–	–	–
Ms. Lai Wing Sze ("Ms. Lai") *(note v)*	–	–	–	–	–
Ms. Yu Wan Ki ("Ms. Yu") *(note v)*	–	–	–	–	–
	362	–	–	–	362

Notes:

(i) Mr. Lee, Mr. Ye and Mr. Wang were removed on 12 April 2018.

(ii) Mr. Leung and Mr. Or were resigned on 8 June 2017.

(iii) Mr. Ko, Mr.To and Ms. Tsang were appointed as independent non-executive director of the Company from 12 June 2017 and resigned on 4 April 2019.

(iv) Mr. Yeung was appointed as independent non-executive director of the Company from 12 April 2019.

(v) Ms. Lai and Ms. Yu was appointed as independent non-executive director of the Company from 25 April 2019.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS
(continued)

(d) Employees' emoluments

The five highest paid individuals of the Group include two executive directors of the Company for the years ended 31 March 2019 and 31 March 2018. The emoluments of the remaining individuals for the year are as follows:

	2019 **HK$'000**	2018 HK$'000
Salaries and other allowances	**3,661**	3,446
Discretionary bonus	**420**	330
Retirement benefit scheme contributions	**64**	54
	4,145	3,830

The emoluments of the employees were within the following band:

	2019 **HK$'000**	2018 HK$'000
HK$Nil – HK$1,000,000	**1**	–
HK$1,000,001 – HK$1,500,000	**2**	3
	3	3

During the year, no emoluments were paid by the Group to any of the directors of the Company or the chief executive of the Group or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. The directors of the Company or the chief executive of the Group did not waive or agree to waive any emoluments during the years ended 31 March 2019 and 2018.

14. DIVIDEND

The Board of directors do not recommend the payment of any dividend for the year ended 31 March 2019 (2018: Nil).

15. TAXATION

	2019 HK$'000	2018 HK$'000
Deferred tax *(note 27)*	**(57)**	(55)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment.) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK$2,000.000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The Group is subject to Hong Kong Profit Tax at a rate of 16.5% for the year ended 31 March 2018.

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

	2019 HK$'000	2018 HK$'000
Loss before taxation	**(12,496)**	(35,300)
Tax charge at Hong Kong Profits Tax Rate of 16.5%	**(2,062)**	(5,825)
Tax effect of expenses not deductible for tax purpose	**500**	253
Tax effect of income not taxable for tax purpose	**(52)**	(146)
Unused tax losses carried forward	**1,614**	5,718
Utilisation of tax losses previously not recognized	**(57)**	(55)
Income tax credit for the year	**(57)**	(55)

Details of deferred tax are set out in note 27.

16. LOSS PER SHARE

	2019 HK$'000	2018 HK$'000
Loss:		
Loss for the purpose of calculating basic loss per share	**(12,439)**	(35,245)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**200,000,000**	200,000,000

Diluted loss per share and basic loss per share are the same for the years ended 31 March 2019 and 2018 as there were no potential ordinary shares in issue during both the years.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Computer equipment HK$'000	Other office equipment HK$'000	Total HK$'000
COST						
As at 1 April 2017	1,881	329	2,167	590	309	5,276
Additions	183	–	–	114	25	322
As at 31 March 2018	2,064	329	2,167	704	334	5,598
Additions	–	–	–	5	5	10
As at 31 March 2019	**2,064**	**329**	**2,167**	**709**	**339**	**5,608**
ACCUMULATED DEPRECIATION						
As at 1 April 2017	310	92	737	294	116	1,549
Provided for the year	823	91	292	118	50	1,374
As at 31 March 2018	1,133	183	1,029	412	166	2,923
Provided for the year	798	90	292	89	46	1,315
As at 31 March 2019	**1,931**	**273**	**1,321**	**501**	**212**	**4,238**
CARRYING VALUE						
As at 31 March 2019	**133**	**56**	**846**	**208**	**127**	**1,370**
As at 31 March 2018	931	146	1,138	292	168	2,675

The property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	20% or over the lease term, whichever is shorter
Furniture and fixtures	$33^1/_3$%
Motor vehicles	20%
Computer equipment	20%
Other office equipment	20%

The net carrying amount of motor vehicles held under finance leases as at 31 March 2019 was HK$408,000 (2018: HK$551,000).

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

	2019 **HK$'000**	2018 HK$'000
Contracts in progress at the end of the reporting periods:		
Contract costs incurred plus recognised profits less recognised losses	–	539,655
Less: progress billings	–	(534,904)
	–	4,751
Analysed for reporting purposes as:		
Amounts due from customers for contract works	–	6,218
Amounts due to customers for contract works	–	(1,467)
	–	4,751

Movement of amounts due from/(to) customers for contract works in accordance with the application of HKFRS 15 are as follows:

	Amounts due from customer for contract works HK$'000	**Amounts due to customer for contract works** HK$'000	**Total** HK$'000
Balance as at 31 March 2018 under HKAS 11	6,218	(1,467)	4,751
Adjustment to contract asset upon application of HKFRS 15	(6,218)	1,467	(4,751)
Adjusted balance as at 1 April 2018	–	–	–

19. ACCOUNT AND OTHER RECEIVABLES

	2019 HK$'000	2018 HK$'000
Account receivables	14,694	15,903
Less: allowance for expected credit losses	(3,282)	(2,450)
	11,412	13,453
Retention receivables *(note a and b)*	–	8,463
Less: allowance for doubtful debts *(note a and b)*	–	(941)
	–	7,522
	11,412	20,975
Other receivables, deposits and prepayments		
– Project deposits paid to sub-contractors	2,696	3,994
– Rental and utility deposits	623	623
– Prepayment	254	279
– Other receivables	66	96
	3,639	4,992
Total accounts and other receivables	15,051	25,967
Less: Receivables within twelve months shown under current assets	(15,051)	(25,376)
Rental deposits shown under non-current assets	–	591

Notes:

(a) Retention receivables are released by customers in accordance with the respective agreements with customers in which 50% of the retention receivable is released upon the issuance of practical completion certificate and the remaining 50% upon issuance of certificate of making good defects at the end of the defect liability period, which is generally twelve-month period from the date of the certificate of practical completion.

(b) Due to the adoption of HKFRS 15, effective on 1 April 2018, the balances of HK$7,522,000 was reclassified to contract assets (note 22).

19. ACCOUNT AND OTHER RECEIVABLES (continued)

The retention receivables are to be settled, based on the expiry of the defect liability period, at the end of each reporting period:

	2019 HK$'000	2018 HK$'000
On demand or within one year	–	8,463

The Group allows an average credit period of 30 days to its customers (2018: 30 days). The aged analysis of the Group's account receivables at the end of each reporting period is as follows:

	2019 HK$'000	2018 HK$'000
Account receivables:		
Within 30 days	6,876	8,575
31 – 60 days	3,545	–
61 – 120 days	–	–
121 – 365 days	873	128
Over 365 days	118	4,750
	11,412	13,453

Aging of account receivables past due but not impaired

	2018 HK$'000
Overdue by:	
Within 30 days	–
31 – 60 days	–
61 – 120 days	–
121 – 365 days	2,138
Over 365 days	2,740
	4,878

19. ACCOUNT AND OTHER RECEIVABLES (continued)

Movement in the allowance of doubtful debts of retention receivables

	2019 HK$'000	2018 HK$'000
Balance at beginning of the year	**941**	941
Adjustment upon application of HKFRS 15 *(note 3)*	**(941)**	–
Balance at the end of the year	**–**	941

For the year ended 31 March 2018, no account receivables and retention receivables were determined to be impaired as the debtor were financial difficulty and management assessed that the amount will not recoverable. The Group did not hold any collateral over these balances.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically.

In determining the recoverability of account and retention receivables, the Group considers any change in the credit quality of the account receivables from the date credit was initially granted up to the end of the reporting period.

19. ACCOUNT AND OTHER RECEIVABLES (continued)

Movement in the allowance for expected credit losses of account receivables

Movement in lifetime ECL that has been recognised for account receivables in accordance with simplified approach set out in HKFRS 9 for the year ended 31 March 2019 is as follows:

	Total
	HK$'000
Balance as at 31 March 2018 under HKAS 39	2,450
Adjustment upon application of HKFRS 9 (note 3)	2,373
Adjusted balance as at 1 April 2018	4,823
Reversal of expected credit losses ("ECL") (note)	(1,541)
Balance as at 31 March 2019	3,282

Note: Reversal of allowance of ECL is due to the Group's recovery of account receivables.

Details of assessment of expected credit losses are set out in note 7.

20. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

As at 31 March 2018, the Group had pledged bank deposits of HK$1,000,000 which carried interest at 0.10% per annum. These bank deposits were pledged to secure the factoring facilities granted to the Group.

As at 31 March 2019, the Group had pledged a bank deposit of HK$28,798,000 (2018: HK$32,874,000) which was interest-free and current in nature. Such bank deposit was pledged to secure the surety bond issued to a customer (see note 32).

Bank balances and cash comprise of cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank balances carried interest at prevailing market rates based on daily bank deposit rate for the years ended 31 March 2019 and 2018.

21. ACCOUNT AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Account payables	**7,401**	1,871
Retention payables *(note a)*	**–**	6,664
Accruals	**11,822**	5,492
Advances from customers *(note b)*	**8,000**	1,929
	27,223	15,956

Notes:

(a) All retention payables as at 31 March 2018 were expected to be paid or settled in less than twelve months from the end of the corresponding reporting period. Upon adoption of HKFRS 15 effective on 1 April 2018, the balances of HK$6,664,000 was reclassified to contract liabilities (note 22).

(b) Advances from customers were unsecured, interest-free and would be utilised to set off progress billings.

The average credit period on account payables is 30 days. The aging analysis of the account payables based on invoice dates at the end of each reporting period is as follows:

	2019 HK$'000	2018 HK$'000
1 – 30 days	**7,401**	1,762
31 – 60 days	**–**	–
61 – 90 days	**–**	109
Over 90 days	**–**	–
	7,401	1,871

22. CONTRACT ASSETS/CONTRACT LIABILITIES

	2019 HK$'000
Contract assets:	
Construction services	9,115
Retention receivables	9,282
	18,397
Allowance for expected credit losses	(1,055)
	17,342
Contract liabilities:	
Construction services	801
Retention payables	7,869
	8,670

Note:

Due to the adoption of HKFRS15, effective on 1 April 2018, the balances of amounts due from/(to) customers for contract works and retention receivables/(payables) were reclassified to contract assets and contract liabilities. See Note 3 for further details.

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date. The contract assets are transferred to trade receivables where the rights become unconditional. The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the provision of related services.

22. CONTRACT ASSETS/CONTRACT LIABILITIES (continued)

Movement in the contract assets and the contract liabilities balances are as follows:

Contract assets:

	2019 HK$'000
As at 31 March 2018	–
Reclassification from amounts due from customers for contract works *(note 18)*	6,218
Reclassification from retention receivables *(note 19)*	7,522
Impact on initial application of HKFRS9 *(note 3)*	(279)
As at 1 April 2018, restated	13,461
Right of consideration for works amplitude but not yet billed	9,115
Transfers from the contract assets recognised to account receivables	(6,218)
Retention receivables released	(1,100)
Retention receivables recognised	1,919
Reversal of expected credit losses on contract assets	165
	17,342

The expected timing of recovery or settlement for contract assets is as follows:

	2019 HK$'000
Within one year	9,438
More than one year	7,904
	17,342

22. CONTRACT ASSETS/CONTRACT LIABILITIES (continued)

Contract liabilities:

	2019 HK$'000
As at 31 March 2018	–
Reclassification from amounts due to customers for contract works *(note 18)*	1,467
Reclassification from retention payables *(note 21)*	6,664
As at 1 April 2019	8,131
Consideration received from customers over the amounts of revenue recogised	(754)
Revenue recognised during the year that was included in the contract liabilities at the beginning of the period	(1,467)
Retention payables recognised	2,760
	8,670

Movement in the allowance for expected credit losses of contract assets

Movement in lifetime ECL that has been recognised for contract assets in accordance with simplified approach set out in HKFRS 9 for the year ended 31 March 2019 is as follows:

	Total HK$'000
Balance as at 31 March 2018 under HKAS 39 *(note 19)*	941
Adjustment upon application of HKFRS 9 *(note 3)*	279
Adjusted balance as at 1 April 2018	1,220
Reversal of expected credit losses ("ECL") *(note)*	(165)
Balance as at 31 March 2019	1,055

Note: Reversal of allowance of ECL is due to the Group's recovery of contract assets.

Details of assessment of expected credit losses are set out in note 3.

23. OTHER BORROWINGS

The fixed rate other borrowings are repayable as follow:

	2019 **HK$'000**	2018 HK$'000
Carrying amount of other borrowing that are repayable within one year from the end of the reporting period and contain a repayment on demand clause	**36,982**	36,982
Amounts due within twelve months shown under current liabilities	**36,982**	36,982

The range of effective interest rates (which were also equal to contracted interest rates) of the Group's other borrowings were as follows:

	2019	2018
Effective interest rate:		
Other borrowings	**10.00% – 20.00%**	10.00% – 20.00%

24. BANK OVERDRAFTS

The range of effective interest rates (which were also equal to contracted interest rates) of the Group's bank overdrafts were as follows:

	2019	2018
Effective interest rate:		
Bank overdrafts	**–**	4.19%

25. OBLIGATIONS UNDER FINANCE LEASES

The Group leased its motor vehicles under finance leases. The average lease term was four years. Interest rates underlying obligations under finance leases were fixed at contract date ranging from 3.25% to 4.27% per annum during the year (2018: 3.25% to 4.27%). The Group had options to purchase the motor vehicles for a nominal amount at the end of the lease terms.

	Minimum lease payments		Present value of minimum lease payments	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amount payable under finance leases				
Within one year	**187**	187	**181**	176
In more than one year and not more than two years	**102**	187	**101**	181
In more than two years but not more than five years	**–**	102	**–**	101
	289	476	**282**	458
Less: Future finance charge	**(7)**	(18)	**–**	–
Present value of lease obligation	**282**	458	**282**	458
Less: Amount due for settlement within twelve months shown under current liabilities			**(181)**	(176)
Amount due for settlement after twelve months shown under non-current liabilities			**101**	282

The Group's obligations under finance leases were secured by the lessor's title to the leased assets.

26. SHARE CAPITAL

The share capital of the Group as at 31 March 2019 represented the share capital of the Company and details are disclosed as follows:

	Number of shares	Par value US$	Amount US$
Authorised:			
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	500,000,000	0.01	5,000,000
Issued and fully paid:			
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	200,000,000	0.01	2,000,000
Shown in the consolidated financial position as at 31 March 2018 and 31 March 2019 (in HK$'000)			15,600

27. DEFERRED TAX LIABLIITIES

The following is the major deferred tax liabilities recognised by the Group and movements thereon for the year:

	Accelerated Tax Depreciation HK$'000
At 31 March 2017	(112)
Charge to profit or loss	55
At 31 March 2018	(57)
Charge to profit or loss	57
At 31 March 2019	–

28. OPERATING LEASE COMMITMENTS

The Group as lessee

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

	2019 **HK$'000**	2018 HK$'000
Minimum lease payments under operating leases		
Within one year	**1,031**	2,116
In the second to fifth year inclusive	**–**	1,031
	1,031	3,147

The leases are generally negotiated for lease terms ranging from one year to three years with fixed monthly rentals. None of the leases include any contingent rentals.

29. RETIREMENT BENEFIT PLANS

The Group participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") for its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The total cost of HK$481,000 and HK$530,000 charged to profit or loss represents contribution paid or payable to the above scheme by the Group for the years ended 31 March 2019 and 31 March 2018 respectively.

30. PLEDGE OF ASSETS

At the end of each reporting period, the carrying amount of the asset pledged by the Group to a bank in order to secure a factoring facility granted by a bank to the Group was as follows:

	2019 **HK$'000**	2018 HK$'000
Fixed charge over the Group's bank deposits	**–**	1,000

31. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed in the consolidated financial statements, the Group has following material related party transactions during the year:

Compensation of key management personnel

The Directors are identified as the key management personnel of the Company, and their compensations during the year is set out in note 13.

32. SURETY BOND AND CONTINGENT LIABILITY

A customer of construction contract undertaken by the Group requires a group entity to issue guarantee for performance of contract works in the form of surety bond. The Group provided a counter-indemnity to an insurance company that issued such surety bond. As at 31 March 2019, the deposit placed for surety bond amounted to HK$28,798,000 (2018: HK$32,874,000) (note 20).

As at 31 March 2019 and 31 March 2018, the amount of surety bond provided by the Group was HK$28,798,000 and HK$32,874,000 respectively.

33. LITIGATION

Winding-up Proceedings

On 12 July 2017, a controlling shareholders of the Company, Acropolis Limited, which wholly-owned by Mr. Chan Siu Chung ("Mr. Chan"), filed a Petition (the "Petition") in the action HCCW 218/2017 against, amongst other respondents, the Company, another controlling shareholders, W&Q Investment Limited and Mr. Liu Chang Kien (the "Action").

Pursuant to an order (the "Order") of the Court of First Instance of the High Court of the Hong Kong Special Administrative Region dated 31 May 2018 under the Action, the representatives of SHINEWING Specialist Advisory Services Limited have been appointed as provisional liquidators of the Company with effect from the date of the Order.

33. LITIGATION (continued)

Winding-up Proceedings (continued)

The provisional liquidators have made the application to the High Court of Hong Kong (the "Court") and have obtained approval from the Court on 10 September 2018 on the following:

(i) To carry on the existing business of the Group, including to submit tenders and enter into contracts for new fitting out and renovation projects;

(ii) To carry on correspondence with regulators and take all such steps necessary to comply with the regulatory obligations of the Group, including compliance with the resumption conditions set out by the Hong Kong Exchanges and Clearing Limited.

On 13 March 2019, Acropolis Limited, Mr. Chan, W&Q Investment Limited and Mr. Liu Chang Kien (collectively referred to herein as "the Parties") have agreed on a settlement term sheet for the settlement of all the relevant actions between the Parties. The consent summons to dismiss the Petition was duly signed and filed with the court subsequently.

On 29 April 2019, the Court ordered that the Petition in the winding-up proceedings HCCW 218/2017 be dismissed by the consent of the parties. The joint and several provisional liquidators of the Company appointed pursuant to the Order be released.

For further details of the abovementioned litigation, please refer to the announcements of the Company dated 6 February 2018, 27 August 2018, 1 November 2018, 13 March 2019, 28 March 2019, 12 April 2019 and 29 April 2019.

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) Statement of financial position of the Company

	2019 HK$'000	2018 HK$'000
Current assets		
Other receivables and prepayments	**175**	305
Amount due from a subsidiary	**26,349**	26,392
Bank balances and cash	**55**	222
	26,579	26,919
Current liabilities		
Accruals and other payables	**8,574**	3,658
Other borrowing	**34,804**	34,804
	43,378	38,462
Net current liabilities	**(16,799)**	(11,543)
Net liabilities	**(16,799)**	(11,543)
Capital and reserves		
Share capital	**15,600**	15,600
Reserves	**(32,399)**	(27,143)
Total equity	**(16,799)**	(11,543)

(b) Amount due from a subsidiary is unsecured, interest-free and repayable on demand.

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

(c) Reserves of the Company

Below is a table showing the movements of the reserves of the Company during the years ended 31 March 2018 and 31 March 2019:

	Share Premium HK$'000	Accumulated losses HK$'000	Other reserve HK$'000 *(Note)*	Total HK$'000
At 31 March 2017	40,201	(19,379)	(4,887)	15,935
Loss for the year	–	(43,078)	–	(43,078)
At 31 March 2018 and 1 April 2018	40,201	(62,457)	(4,887)	(27,143)
Loss for the year	–	(5,256)	–	(5,256)
At 31 March 2019	**40,201**	**(67,713)**	**(4,887)**	**(32,399)**

Note:

Other reserve represents the fair value adjustment of non-current interest-free amount due from a subsidiary recognised at initial recognition.

35. AUTHORISATION OF ISSUE OF CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statement were approved and authorised for issue by the Board of Directors on 27 June 2019.

36. COMPARATIVE INFORMATION

The Group has initially applied HKFRS 15 and HKFRS 9 at 1 April 2018. Upon the transition method, comparative information is not restated. Further details of the changes in accounting policies are disclose in note 2.

FINANCIAL SUMMARY

	For the year ended 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
CONSOLIDATED RESULTS					
Revenue	**88,913**	96,306	114,685	180,391	81,661
Profit/(Loss) before income tax	**(12,496)**	(35,300)	(25,794)	17,003	5,662
Income tax expense	**57**	55	(945)	(3,281)	(914)
Profit/(Loss) for the year	**(12,439)**	(35,245)	(26,739)	13,722	4,748
Total comprehensive income/(expense) for the year attributable to equity holders of the Company	**(12,439)**	(35,245)	(26,739)	13,722	4,748

	For the year ended 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
CONSOLIDATED ASSETS AND LIABILITIES					
Total assets	**75,262**	72,680	85,262	53,693	57,163
Total liabilities	**(73,157)**	(55,484)	(32,821)	(30,274)	(40,717)
Net (liabilities)/assets	**2,105**	17,196	52,441	23,419	16,446