



SANBASE CORPORATION LIMITED

莊皇集團公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock code 股份代號: 8501

ANNUAL REPORT
2020 年報

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this annual report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this annual report.

This annual report, for which the directors (the “Directors”) of Sanbase Corporation Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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 herein or this annual report misleading.

香港聯合交易所有限公司（「聯交所」） GEM 的特色

GEM 乃為較於聯交所上市的其他公司帶有更高投資風險的中小型公司提供一個上市的市場。有意投資者應了解投資於該等公司的潛在風險，並應經過審慎周詳的考慮後方可作出投資決定。

由於 GEM 上市公司普遍為中小型公司，在 GEM 買賣的證券可能會較於主板買賣之證券承受較大的市場波動風險，同時無法保證在 GEM 買賣的證券會有高流通量的市場。

香港交易及結算所有限公司及聯交所對本年報之內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示概不就因本年報全部或任何部分內容而產生或因依賴該等內容而引致之任何損失承擔任何責任。

本年報乃遵照聯交所 GEM 證券上市規則（「GEM 上市規則」）而刊載，旨在提供有關莊皇集團公司（「本公司」）的資料，本公司的董事（「董事」）願就此共同及個別地承擔全部責任。各董事在作出一切合理查詢後，確認就彼等所知及所信，本年報所載資料在各重大方面均屬準確及完備，無誤導或欺詐成份，且並無遺漏任何事項，足以令致本年報或其所載任何陳述產生誤導。

CONTENTS

目錄

		<i>Page</i> 頁碼
Corporate Information	公司資料	2
Chairman's Statement	主席報告	5
Financial Highlights	財務摘要	7
Management Discussion and Analysis	管理層討論及分析	8
Biographical Details of Directors	董事履歷詳情	20
Directors' Report	董事會報告	24
Corporate Governance Report	企業管治報告	42
Independent Auditor's Report	獨立核數師報告	63
Consolidated Statement of Profit or Loss and Other Comprehensive Income	綜合損益及其他全面收益表	72
Consolidated Statement of Financial Position	綜合財務狀況表	74
Consolidated Statement of Changes in Equity	綜合權益變動表	76
Consolidated Statement of Cash Flows	綜合現金流量表	77
Notes to the Consolidated Financial Statements	綜合財務報表附註	78
Five-Year Financial Summary	五年財務概要	160

CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Sai Chuen (*Chairman and Chief Executive Officer*)

Mr. Wong Kin Kei (*Chief Operating Officer*)

Ms. Hui Man Yee, Maggie

Dr. Sung Tak Wing, Leo (*appointed on 11 March 2020*)

Non-executive Director

Mr. Cheung Ting Pong (*resigned on 22 October 2019*)

Independent Non-executive Directors

Mr. Cheung Chi Man, Dennis (*appointed on 21 January 2020*)

Mr. Chan Chi Kwong, Dickson (*appointed on 21 January 2020*)

Mr. Pang Chung Fai, Benny

Mr. Fan Chun Wah, Andrew, J.P. (*resigned on 1 January 2020*)

Mr. Wu Kam On, Keith (*resigned on 2 February 2020*)

AUDIT COMMITTEE

Mr. Cheung Chi Man, Dennis (*Chairman*)

(*appointed on 21 January 2020*)

Mr. Chan Chi Kwong, Dickson (*appointed on 21 January 2020*)

Mr. Pang Chung Fai, Benny

Mr. Fan Chun Wah, Andrew, J.P. (*resigned on 1 January 2020*)

Mr. Wu Kam On, Keith

(*re-designated as a member on 21 January 2020*

and resigned on 2 February 2020)

REMUNERATION COMMITTEE

Mr. Chan Chi Kwong, Dickson (*Chairman*)

(*appointed on 21 January 2020*)

Mr. Cheung Chi Man, Dennis

(*appointed on 21 January 2020*)

Mr. Pang Chung Fai, Benny

(*re-designated as a member on 21 January 2020*)

Mr. Fan Chun Wah, Andrew, J.P.

(*resigned on 1 January 2020*)

Mr. Wu Kam On, Keith (*resigned on 2 February 2020*)

NOMINATION COMMITTEE

Mr. Wong Sai Chuen (*Chairman*) (*appointed on 8 January 2020*)

Mr. Cheung Chi Man, Dennis (*appointed on 21 January 2020*)

Mr. Chan Chi Kwong, Dickson (*appointed on 21 January 2020*)

Mr. Pang Chung Fai, Benny

Mr. Fan Chun Wah, Andrew, J.P. (*resigned on 1 January 2020*)

Mr. Wu Kam On, Keith (*resigned on 2 February 2020*)

董事會

執行董事

王世存先生 (*主席兼行政總裁*)

黃健基先生 (*營運總監*)

許曼怡女士

宋得榮博士 (*於2020年3月11日獲委任*)

非執行董事

張霆邦先生 (*於2019年10月22日辭任*)

獨立非執行董事

張志文先生 (*於2020年1月21日獲委任*)

陳智光先生 (*於2020年1月21日獲委任*)

彭中輝先生

范駿華先生·太平紳士 (*於2020年1月1日辭任*)

鄔錦安先生 (*於2020年2月2日辭任*)

審核委員會

張志文先生 (*主席*)

(*於2020年1月21日獲委任*)

陳智光先生 (*於2020年1月21日獲委任*)

彭中輝先生

范駿華先生·太平紳士 (*於2020年1月1日辭任*)

鄔錦安先生

(*於2020年1月21日調任為委員會之成員*

並於2020年2月2日辭任)

薪酬委員會

陳智光先生 (*主席*)

(*於2020年1月21日獲委任*)

張志文先生

(*於2020年1月21日獲委任*)

彭中輝先生

(*於2020年1月21日調任為委員會之成員*)

范駿華先生·太平紳士

(*於2020年1月1日辭任*)

鄔錦安先生 (*於2020年2月2日辭任*)

提名委員會

王世存先生 (*主席*) (*於2020年1月8日獲委任*)

張志文先生 (*於2020年1月21日獲委任*)

陳智光先生 (*於2020年1月21日獲委任*)

彭中輝先生

范駿華先生·太平紳士 (*於2020年1月1日辭任*)

鄔錦安先生 (*於2020年2月2日辭任*)

CORPORATE INFORMATION

公司資料

COMPLIANCE OFFICER

Dr. Sung Tak Wing, Leo

COMPANY SECRETARY

Dr. Sung Tak Wing, Leo

AUTHORISED REPRESENTATIVES

Mr. Wong Sai Chuen

Dr. Sung Tak Wing, Leo

AUDITOR

PricewaterhouseCoopers
22/F Prince's Building
Central
Hong Kong

LEGAL ADVISER

as to Hong Kong Law:

Winston & Strawn
42nd Floor
Bank of China Tower
1 Garden Road
Central
Hong Kong

COMPLIANCE ADVISER

Messis Capital Limited
Room 1606, 16/F
Tower 2, Admiralty Centre
18 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
8/F Lower Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

合規主任

宋得榮博士

公司秘書

宋得榮博士

授權代表

王世存先生

宋得榮博士

核數師

羅兵咸永道會計師事務所
香港
中環
太子大廈22樓

法律顧問

關於香港法律:

Winston & Strawn
香港
中環
花園道1號
中銀大廈
42樓

合規顧問

大有融資有限公司
香港
夏慤道18號
海富中心2座
16樓1606室

主要往來銀行

香港上海滙豐銀行有限公司
香港
皇后大道中181號
新紀元廣場低座8樓

中國銀行(香港)有限公司
香港
花園道1號

CORPORATE INFORMATION

公司資料

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Harneys Fiduciary (Cayman) Limited
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 PLACE OF BUSINESS AND HEADQUARTER IN HONG KONG

16/F, Loon Kee Building
267-275 Des Voeux Road Central
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG UNDER PART 16 OF THE COMPANIES ORDINANCE (CAP. 622)

16/F, Loon Kee Building
267-275 Des Voeux Road Central
Hong Kong

STOCK CODE

08501

WEBSITE

www.sclhk.com

主要股份過戶及轉讓登記處

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

香港股份過戶及轉讓登記分處

卓佳證券登記有限公司
香港
皇后大道東183號
合和中心54樓

香港主要營業地點及總部

香港
德輔道中267-275號
龍記大廈16樓

開曼群島註冊辦事處

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

根據公司條例（第622章）第16部註冊的香港主要營業地點

香港
德輔道中267-275號
龍記大廈16樓

股份代號

08501

網址

www.sclhk.com

CHAIRMAN'S STATEMENT

主席報告

Dear shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Sanbase Corporation Limited (the “**Company**”), I present you the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2020.

In the past year, the business environment in Hong Kong was challenging, the pressure of the global economic recession has increased, and demand for Grade A commercial buildings has weakened. According to statistics from Jones Lang LaSalle, the vacancy rate of Grade A office buildings in Hong Kong raised from 4.8% at the end of April 2019 to 7.2% at the end of April 2020. This trend will inevitably affect the demand for fit-out solutions of Grade A commercial buildings. However, even if the corporates move out from the Grade A commercial building, they still need to engage the fit-out solution provider to carry out reinstatement works to restore the original appearance of the office unit. On the other hand, the corporates that decide to renew the lease of Grade A commercial buildings also need to enhance space utilization and reduce costs through restacking services. In the long run, Grade A commercial buildings with good facilities in general. As the occupancy rate drops, the rental expenses will be reduced accordingly. This may attract the corporates which originally rented Grade B commercial buildings or Grade A commercial buildings that is outside central business districts to move in and is expected to stimulate the need for bare shell fit-out services. Nevertheless, revenue and gross profit margin of bare shell fit-out is expected to be decreased in coming year.

The Directors has strived to maintain a steady performance of the Group's business even in more challenging of last year. Revenue slightly decreased 1.9% year-on-year to \$638.0 million for the year ended 31 March 2020. There were 177 projects awarded in 2019 decreased to 138 projects during the year. In January 2020, the Group has been awarded a bare shell fit-out project of phase one by a statutory institution in Hong Kong, for a total contract sum of HKD24.8 million. In April 2020, the Group has been awarded a bare shell fit-out project of phase two by the same statutory institution, for a total contract sum of HKD99.2 million. The said results reflected that the Group's quality of construction being well recognised by the market and customers are also willing to award the Group of larger scale of projects for management and execution and then enable us to maintain relative stable revenue during the economic downturn.

各位股東：

本人謹代表莊皇集團公司（「**本公司**」）董事（「**董事**」）會（「**董事會**」），提呈本公司及其附屬公司（統稱「**本集團**」）截至2020年3月31日止年度之經審核綜合業績。

過去一年，香港營商環境充滿挑戰，環球經濟衰退壓力加大，甲級商廈需求因而轉弱。仲量聯行的數據顯示，香港甲級寫字樓空置率由2019年4月底的4.8%，上升至今年4月底的7.2%，這趨勢必然影響到甲級商廈對裝潢解決方案的需求。然而，即使企業遷出甲級商廈，他們仍需委託裝潢解決方案供應商進行還原工程，回復單位原有面貌。另一方面，決定續租甲級商廈的企業亦需要透過重裝服務提升空間使用率及降低成本；長遠而言，甲級商廈一般擁有良好配套，隨著出租率下跌，租金水平將相應下調，對企業具一定吸引力，有望刺激原本租用乙級商廈，或中央商務區以外的甲級商廈企業遷入，因而使用毛坯房裝潢服務。雖然如此，毛坯房裝潢的收入及毛利率預期將於來年下調。

有見及此，於去年極具挑戰的情況下，董事已努力維持相對穩定的業務表現，截至2020年3月31日止年度收入按年微跌1.9%至638.0百萬港元。期內接獲的裝潢項目數量，由去年的177個減少至本年度的138個。今年一月，本集團獲一間於香港的法定機構授予一項第一期價值24.8百萬港元的毛坯房裝潢項目，到四月再下一城，取得第二期價值99.2百萬港元的毛坯房裝潢項目。上述成績反映本集團的工程管理質量備受市場肯定，而客戶亦願意把規模更大的合同授予本集團執行及管理，使我們能夠在經濟下行週期中，收入保持相對穩定。

CHAIRMAN'S STATEMENT

主席報告

We have explored and expanded business to overseas market since the listing. The Group's business has expanded to China market through the acquisition in China. The Group continues to achieve satisfactory performance in China market through continuous integration and improvement of daily operations. The revenue of the subsidiary in Guangzhou was HKD44.1 million for the year ended 31 March 2020, representing an increase of 88.5%. The gross profit of such subsidiary increased from HKD1.3 million of last year to HKD11.6 million for current year.

The Group also had its first ever collaboration with subcontractor in a commercial and residential building project in Cambodia last year, the quality of construction being well recognised by the local developers. The accomplishments both in China and Cambodia demonstrated that the Group has the ability to replicate Hong Kong's business model to new markets and further expand our business footprint.

Since 2020, the global economy is affected unprecedentedly by the COVID-19 pandemic. It is still unknown when the COVID-19 will come to an end. Although the Group inevitably be affected during the period, the Group is proved to be a corporate which able to maintain a sustainable development since its listing. The business development pace is slightly slow down in the outbreak of the COVID-19 as the management have a room to think about the future development. Looking forward, we will continue to solidify our market leader as an interior fit-out solutions provider. Meanwhile, we will explore other business development such as property management and financing on real estate and identify potential targets with the aim of providing services to tenants, landlords and property developers.

Lastly, I wish to take this opportunity to thank my colleagues and all staff for your valuable suggestion and dedication, and to thank our business partners, shareholders and stakeholder for your trust and patience. The Group will strive to overcome future challenges and commit to offer high-quality fit-out services to the industry as well as deliver greater and sustainable returns to our shareholders.

Chairman of the Board
WONG Sai Chuen

Hong Kong, 18 June 2020

自上市以來，我們一直積極開拓香港以外市場，擴展業務地域覆蓋。透過我們於國內的收購，本集團成功把業務版圖擴展至中國。經過持續整合並完善日常營運，本集團於中國市場亦不斷報捷。位於廣州的附屬公司截至2020年3月31日止年度收入按年增長88.5%至44.1百萬港元，毛利由去年的1.3百萬港元增加至本年度的11.6百萬港元。

去年，本集團亦首次聯同承判商，參與柬埔寨的商住樓宇項目，施工質量深得當地發展商認可。中國及柬埔寨的經驗證明了本集團有能力將香港的業務模式複製至新市場，以擴大本集團的業務版圖。

踏入2020年，新冠肺炎疫情對全球經濟帶來前所未有的影響，疫情何時完結仍然是個未知之數。雖然本集團在這段時間無可避免會受到影響，但自上市以來的財務數據都足以反映本集團是一家踏實、能夠於逆境中保持平穩發展的企業。在疫情下，業務發展步伐稍有放緩，反而給予管理層更大空間思考未來發展方向。展望未來，我們會繼續做好室內裝潢服務，鞏固行業領導地位；同時，我們會探索物業管理、房地產金融方面的發展機遇，物色潛在的收購目標，為租戶、業主及發展商等提供服務。

最後，我想藉此機會感謝我的同事和全體員工的寶貴意見和奉獻，並感謝我們的業務合作夥伴、股東及持份者的信賴與耐性。本集團會繼續竭盡所能，克服未來挑戰，在提供高質量服務的同時，為我們的股東提供更大及可持續的回報。

董事會主席
王世存

香港，2020年6月18日

FINANCIAL HIGHLIGHTS

財務摘要

		Audited 經審核		Change in percentage 百分比變動
		Year ended 31 March 截至3月31日止年度		
		2020	2019	
		2020年	2019年	
		HKD'000	HKD'000	
		千港元	千港元	
Revenue	收入	638,030	650,455	-1.9%
Gross profit	毛利	65,068	70,847	-8.2%
<i>Gross profit margin</i>	<i>毛利率</i>	10.2%	10.9%	
Profit before income tax	除稅前溢利	28,062	37,394	-25.0%
Profit attributable to owners of the Company	本公司擁有人應佔溢利	16,224	28,116	-42.3%
		HK cents	HK cents	
		港仙	港仙	
Basic and diluted earnings per share	每股基本及攤薄盈利	8.20	14.10	

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW

The Group is an interior fit-out solutions provider focusing on providing services to clients whose offices are predominately situated in Grade A offices in Hong Kong and the People's Republic of China (the "PRC"). Our role in these fit-out projects entails the overall project management, coordination and implementation of fit-out projects by engaging subcontractors from different trades for their services and labour, providing expertise such as controlling the quality aspects of the projects and carrying out corresponding project management.

Our projects can be broadly categorised into (i) bare shell fit-out which is undertaken in the interior space of a vacant premise having basic flooring and plastered walls; (ii) restacking which involve upgrading and re-planning and providing modification work to the existing interior structure of the premise; (iii) reinstatement which involves demolishing any additional moveable structure that were installed by the existing tenant; (iv) design; (v) churn works; and (vi) maintenance and others which involve providing minor repairs and general builder's maintenance work to the tenant's office facilities, pest control and emergency call services, project management services and mechanical, electrical and plumbing ("MEP") consultancy services.

During the year ended 31 March 2020, the Group recorded a decrease in revenue of 1.9% to HKD638.0 million from 650.5 million for the year ended 31 March 2019. The decrease was mainly attributable to the decrease in revenue from the business of bare shell fit-out and reinstatement. The Group's gross profit decreased to HKD65.1 million for the year ended 31 March 2020 from HKD70.8 million for the year ended 31 March 2019, representing a decrease of 8.1%.

The Group's profit attributable to owners of the Company decreased by 42.3% to HKD16.2 million for the current year from HKD28.1 million for the corresponding period of last year.

業務回顧

本集團為室內裝潢解決方案供應商，專注為辦公室主要位於香港及中華人民共和國（「中國」）甲級寫字樓的客戶提供服務。我們在該等裝潢項目中的角色涉及通過聘用不同行業的分判商提供服務及勞動力對裝潢項目進行整體項目管理、協調及實施，並提供項目品質控制以及相應的項目管理等方面的專業知識。

我們的項目大致可分為以下幾類：(i) 毛坯房裝潢，該等項目在鋪有地板及牆壁已批灰的空置物業室內空間進行；(ii) 重裝，涉及物業現有內部結構的升級、重新規劃及提供改裝工程；(iii) 還原，涉及拆除現有租戶安裝的任何額外可移除結構；(iv) 設計；(v) 零碎工程；及(vi) 保養及其他，涉及提供小型維修及對租戶的辦公設施進行一般建築工人保養工作、害蟲防治及緊急呼叫服務、項目管理服務以及機械、電力及管道（「機械、電力及管道」）諮詢服務。

本集團的收入由截至2019年3月31日止年度的約650.5百萬港元減少1.9%至截至2020年3月31日止年度的638.0百萬港元。該減少主要是由於毛坯房裝潢及還原的收入減少。本集團的毛利由截至2019年3月31日止年度的70.8百萬港元減少8.1%至截至2020年3月31日止年度的65.1百萬港元。

本公司擁有人應佔本集團溢利由去年同期的28.1百萬港元減少42.3%至本年度的16.2百萬港元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCE REVIEW

Revenue

The Group's revenue is principally generated from (i) bare shell fit-out; (ii) restacking; (iii) reinstatement; (iv) design; (v) churn works; and (vi) maintenance and others. During the year ended 31 March 2020, the Group's revenue decreased by 1.9% to HKD638.0 million as compared with HKD650.5 million of last year. The decrease is mainly attributable to the decrease in revenue from the provisions of bare shell fit-out and reinstatement services.

The following table sets forth a breakdown of the Group's revenue by project types for the year ended 31 March 2020 and 2019:

財務回顧

收入

本集團的收入主要來自(i)毛坯房裝潢；(ii)重裝；(iii)還原；(iv)設計；(v)零碎工程；及(vi)保養及其他。於截至2020年3月31日止年度，本集團的收入較去年的650.5百萬港元減少1.9%至638.0百萬港元。該減少主要是由於提供毛坯房裝潢及還原服務的收入減少。

下表載列本集團截至2020年及2019年3月31日止年度按項目類型劃分的收入明細：

		Year ended 31 March 截至3月31日止年度			
		2020 2020年		2019 2019年	
		HKD'000 千港元	%	HKD'000 千港元	%
Project type	項目類型				
Bare shell fit-out	毛坯房裝潢	542,037	85.0	557,268	85.7
Restacking	重裝	58,506	9.1	37,598	5.8
Reinstatement	還原	16,650	2.6	34,651	5.3
Design	設計	5,531	0.9	9,563	1.5
Churn works	零碎工程	13,836	2.2	9,587	1.5
Maintenance and others	保養及其他	1,470	0.2	1,788	0.2
Total	總計	638,030	100.0	650,455	100.0

As shown in above table, our bare shell fit-out contributed to 85.0% and 85.7% of the Group's total revenue for the year ended 31 March 2020 and 2019 respectively. Revenue from bare shell fit-out decreased to HKD542.0 million for the year ended 31 March 2020 from HKD557.3 million for the last year, representing a decrease of 2.7%.

From 1 April 2019 and up to the date of this annual report, we were newly awarded a total of 52 bare shell fit-out projects with a total project sum of HKD567.8 million.

如上表所示，截至2020年及2019年3月31日止年度，我們的毛坯房裝潢貢獻的收入分別佔本集團總收入的85.0%及85.7%。毛坯房裝潢產生的收入由去年的557.3百萬港元減少2.7%至截至2020年3月31日止年度的542.0百萬港元。

自2019年4月1日起直至本年度報告日期，我們共獲得52個新的毛坯房裝潢項目，項目總額為567.8百萬港元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCE REVIEW (Continued)

Cost of sales and Direct margin

The Group's cost of sales mainly comprised subcontracting charges and staff costs. The decrease in cost of sales from HKD579.6 million for the last year to HKD573.0 million for the current year, representing a decrease of 1.1%.

Defined as revenue less subcontracting costs, cleaning expenses, insurance expenses and security expenses, direct margin of the Group indicates the overall project profitability before taking into account of other fixed costs. The following table sets forth the breakdown of the Group's direct margin by project types for the year ended 31 March 2020 and 2019:

		Year ended 31 March 截至3月31日止年度			
		2020 2020年		2019 2019年	
		HKD'000 千港元	% of revenue 佔收入百分比	HKD'000 千港元	% of revenue 佔收入百分比
Project type	項目類型				
Bare shell fit-out	毛坯房裝潢	79,757	14.7	73,742	13.2
Restacking	重裝	2,807	4.8	6,892	18.3
Reinstatement	還原	867	5.2	4,943	14.3
Design	設計	4,798	86.7	8,242	86.2
Churn works	零碎工程	4,359	31.5	1,659	17.3
Maintenance and others	保養及其他	164	11.2	479	26.8
Total	總計	92,752	14.5	95,957	14.8

The Group's overall direct margin decreased to HKD92.8 million for the year ended 31 March 2020 from HKD96.0 million for the last year. Such decrease in the direct margin was primarily attributable to the increase of direct margin for base shell fit-out to HKD79.8 million offset by the decrease of direct margin for restacking, reinstatement and design for the year ended 31 March 2020. The increase in direct margin for bare shell fit-out was mainly driven by the larger scale of projects awarded during the year.

財務回顧 (續)

銷售成本及直接利潤

本集團的銷售成本主要包括分包費用及員工成本。銷售成本由去年的579.6百萬港元減少1.1%至本年度的573.0百萬港元。

本集團直接利潤定義為收入減分包成本、清潔費用、保險開支及保安開支，乃未計及其他固定成本的整體項目盈利情況。下表載列本集團截至2020年及2019年3月31日止年度按項目類型劃分的直接利潤明細：

本集團的整體直接利潤由去年的96.0百萬港元減少至截至2020年3月31日止年度的92.8百萬港元。直接利潤之減少主要是由於毛坯房裝潢於2020年3月31日止年度產生的直接利潤增加至79.8百萬港元被重裝、還原及設計產生的直接利潤減少所抵銷。毛坯房裝潢產生的直接利潤增加主要歸功於年內獲得的項目規模增加。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCE REVIEW (Continued)

Administrative Expenses

The Group's administrative expenses amounted to HKD32.7 million for the current year, representing an increase of HKD2.9 million or 9.7% as compared to that of HKD29.8 million for the last year. Such increase was primarily attributable to (i) an increase of HKD1.7 million in staff costs due to the general pay rise; and (ii) an increase of HKD0.7 million in total for travelling, entertainment and IT expenses, etc.

Income tax expense

Income tax expense of the Group for the current year was HKD6.3 million, remaining stable as compared to HKD7.1 million for the last year.

Profit for the year

Profit for the Group decreased to HKD21.7 million for the year ended 31 March 2020 from HKD30.3 million for the last year.

Profit attributable to owners of the Company

Profit attributable to owners of the Company amounted to HKD16.2 million for the current year, representing a decrease of HKD11.9 million, as compared with HKD28.1 million for the last year.

Dividend

The Board do not recommend the payment of final dividend for the year ended 31 March 2020 (2019: HK3.1 cents per share).

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

During the year ended 31 March 2020, the Group financed its operation by its internal resources and granted bank facility. As at 31 March 2020, the Group had net current assets of HKD128.2 million (31 March 2019: HKD114.4 million), including cash and cash equivalents balances of HKD120.3 million (31 March 2019: HKD106.0 million) mainly denominated in Hong Kong dollars ("HKD").

財務回顧 (續)

行政開支

本集團於本年度的行政開支為32.7百萬港元，較去年的29.8百萬港元相比增加2.9百萬港元或9.7%。該增加主要由於(i)工資普遍上升致使員工成本增加1.7百萬港元；及(ii)差旅、應酬及資訊科技等開支合共增加0.7百萬港元。

所得稅開支

本集團於本年度的所得稅開支為6.3百萬港元，與去年的7.1百萬港元相比維持穩定。

本年度溢利

本集團的溢利由去年的30.3百萬港元減少至截至2020年3月31日止年度的21.7百萬港元。

本公司擁有人應佔溢利

本公司本年度擁有人應佔溢利為16.2百萬港元，較去年的28.1百萬港元減少11.9百萬港元。

股息

董事會不建議就截至2020年3月31日止年度派付末期股息(2019年：每股3.1港仙)。

流動資金、財務資源、資產負債比率及資本結構

於截至2020年3月31日止年度，本集團以內部資源及所授銀行融資撥付營運所需資金。於2020年3月31日，本集團的流動資產淨值為128.2百萬港元(2019年3月31日：114.4百萬港元)，包括現金及現金等價物結餘120.3百萬港元(2019年3月31日：106.0百萬港元)，主要以港元(「港元」)計值。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE *(Continued)*

The current ratio, being the ratio of current assets to current liabilities, was 1.6 times as at 31 March 2020 (31 March 2019: 1.5 times). The gearing ratio of the Group as at 31 March 2020 was Nil (31 March 2019: 9.4%). The gearing ratio is calculated as total debt divided by total equity as at the respective period end.

There has been no change in capital structure of the Company as at 31 March 2020. The equity attributable to owners of the Company amounted to HKD141.8 million as at 31 March 2020 (31 March 2019: HKD131.9 million).

The Group does not have any exposure to fluctuations in exchange rates and any related hedges.

PLEDGE OF ASSETS

As at 31 March 2020 and 2019, the Group had not pledged any assets to secure bank facilities or finance lease obligation.

CAPITAL COMMITMENTS

As at 31 March 2020, the Group had capital commitment in respect of the acquisition of a subsidiary contracted for but not recognised as liabilities amounts to HKD1,275,000 (31 March 2019: nil).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 March 2020, the Group did not have any significant investment, material acquisition or disposal.

CONTINGENT LIABILITIES

As at 31 March 2020, the Group provided guarantees of surety bonds of HKD7.1 million (31 March 2019: HKD8.8 million) in respect of 4 (31 March 2019: 3) construction contract(s) of the Group in its ordinary course of business. The surety bonds are expected to be released in accordance with the terms of the respective construction contracts.

流動資金、財務資源、資產負債比率及資本結構 (續)

於2020年3月31日，流動比率（即流動資產與流動負債之比率為1.6倍（2019年3月31日：1.5倍）。本集團於2020年3月31日的資產負債比率為零（2019年3月31日：9.4%）。資產負債比率按各期末的負債總額除以權益總額計算。

本公司於2020年3月31日的資本結構並無發生變化。於2020年3月31日，本公司擁有人應佔權益為141.8百萬港元（2019年3月31日：131.9百萬港元）。

本集團並無任何匯率波動風險及任何相關對沖。

資產抵押

於2020年及2019年3月31日，本集團並無抵押任何資產以獲取銀行融資或融資租賃承擔。

資本承擔

於2020年3月31日，本集團就已訂約但未確認負債的資本承擔為1,275,000港元（2019年3月31日：零）。

重大投資、重大收購及出售附屬公司及聯屬公司

截至2020年3月31日止年度內，本集團並無任何重大投資、重大收購或出售事項。

或有負債

於2020年3月31日，本集團就本集團日常業務過程中的4（2019年3月31日：3）份建築合約提供7.1百萬港元（2019年3月31日：8.8百萬港元）的履約保證擔保。該等履約保證預計將根據各建築合約的條款解除。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Details of business objectives are set out in the section headed “Business – Business Strategies” of the prospectus dated 18 December 2017 of the Company (the “Prospectus”).

業務目標與實際業務進度比較

業務目標詳情載於本公司日期為2017年12月18日的招股書（「招股書」）「業務－業務策略」一節。

Business objectives 業務目標	Business objectives as stated in the Prospectus 招股書中所述之業務目標	Actual business progress up to 31 March 2020 截至2020年3月31日之實際業務進度
Further strengthen our market leading position in the fit-out industry in Hong Kong 進一步鞏固我們在香港裝潢行業的市場領先地位	<ul style="list-style-type: none">• By taking on more and larger-size projects in the Grade A office premises.• 透過承接更多且較大規模的甲級寫字樓樓宇項目。	<p>The Group has been pitching for projects continuously. The Group was awarded (i) three bare shell fit-out projects with a contract sum of HKD38.1 million, HKD83.8 million, HKD44.8 million; (ii) a bare shell fit-out project with a contract sum of HKD95.8 million; and (iii) a bare shell fit-out project with a contract sum of HKD53.4 million as disclosed in the announcements dated 27 July 2018, 20 September 2018 and 14 January 2019, respectively.</p> <p>本集團一直持續推銷項目。誠如日期分別為2018年7月27日、2018年9月20日及2019年1月14日的公告所披露，本集團獲授予(i)合約金額為38.1百萬港元、83.8百萬港元、44.8百萬港元的三個毛坯房裝潢項目；(ii)合約金額為95.8百萬港元的毛坯房裝潢項目；及(iii)合約金額為53.4百萬港元的毛坯房裝潢項目。</p>

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

業務目標與實際業務進度比較 (續)

(Continued)

Business objectives 業務目標	Business objectives as stated in the Prospectus 招股書中所述之業務目標	Actual business progress up to 31 March 2020 截至2020年3月31日之實際業務進度
Expand our project management and client care teams 擴大我們的項目管理及客戶服務團隊	<ul style="list-style-type: none">• By recruiting additional manpower with project management experience to form a designated client servicing team which serves as a direct and regular liaison point for our new and recurring clients;• 擬招募具項目管理經驗的額外人力，成立一支專責客戶服務團隊，充當我們新舊客戶的直接定期聯絡點；• By expanding our project and construction management teams to enhance our execution capabilities in light of our upcoming project pipeline;• 鑒於即將到來的項目管道工程，擴充項目及建設管理團隊，以提高我們的執行能力；• By recruiting additional project managers, site supervisors, site managers, quantity surveyors and MEP specialists to expand our project execution capacity; and• 招募更多的項目經理、工程監督、地盤管理人員、工料測量師及機械、電力及管道專家以提高項目執行能力；及• By recruiting extra experienced safety and quality control consultants.• 招募有經驗之安全及品質控制顧問。	<p>The Group has recruited thirty nine employees in their capacity as project manager, project supervisor, project coordinator, project executive, site manager, site supervisor, registered safety supervisor, registered safety officer, quantity surveyor and surveying officer.</p> <p>本集團已招募39名僱員擔任項目經理、項目主管、項目統籌、項目助理、地盤監督、地盤主任、註冊安全主任、註冊安全督導員、工料測量師及工料測量主任。</p>

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

業務目標與實際業務進度比較 (續)

(Continued)

Business objectives 業務目標	Business objectives as stated in the Prospectus 招股書中所述之業務目標	Actual business progress up to 31 March 2020 截至2020年3月31日之實際業務進度
Continue to enhance our project implementation system and develop new management system and technology 繼續改進我們的項目實施系統，並開發全新的管理系統及技術	<ul style="list-style-type: none">By improving our existing standardised project management and execution system to enhance its usability and intuitiveness.改進我們現有標準化項目管理及執行系統，以提高其可用性及直觀性。	The Group terminated the development of the project management and execution system. 本集團已終止開發項目管理及執行系統。
Pursue suitable acquisition, partnership and investment opportunities 尋求適合的收購、合作及投資機會	By selectively invest in or enter into strategic partnerships with other industry players, such as other peer interior fit-out solution providers in the Grade A office market, to further broaden our collective expertise and resources. 選擇性投資或與其他行業參與者（如甲級寫字樓市場中的其他同行室內裝潢解決方案供應商）建立策略合夥關係，進一步拓寬我們的集體專長及資源。	The acquisition of Core Group Holding Limited (“ Core Group ”) and Siwu Architectural (Guangzhou) Limited (“ GZ Siwu ”) have been completed on 12 April 2018 and 8 May 2018 respectively. 收購Core Group Holding Limited（「 Core Group 」）及廣州斯五建築設計有限公司（「 廣州斯五 」）已分別於2018年4月12日及2018年5月8日完成。

CHANGE IN USE OF PROCEEDS

The net proceeds from the listing of the Shares, after deducting the underwriting commission and related expenses, were HKD56.9 million (the “**Net Proceeds**”). As at 31 March 2020 and the date of this annual report, the unutilised Net Proceeds of the Group amounted to HKD3.3 million and HKD3.3 million respectively.

所得款用途之變更

股份上市所得款淨額在扣除包銷佣金及相關費用後，為56.9百萬港元（「**所得款淨額**」）。於2020年3月31日及本年報日期，本集團尚未動用所得款淨額分別為3.3百萬港元及3.3百萬港元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

CHANGE IN USE OF PROCEEDS (Continued)

Having considered the current business needs of the Company, the Board resolved to reallocate the unutilised Net Proceeds in the following manner:

所得款用途之變更(續)

經考慮本公司現時業務需求，董事會議決以下列方式重新分配未動用的所得款淨額：

Proposed use of Net Proceeds	Intended use of the Net Proceeds as stated in the Prospectus	Intended use of the Net Proceeds as stated in the Prospectus	Intended use of the Net Proceeds as stated in the Prospectus up to 31 March 2020		Actual use of Net Proceeds up to the date of this annual report		Unutilised Net Proceeds up to the date of this annual report		Re-allocation of unutilised Net Proceeds
			3月31日止所得款淨額	截至2020年3月31日止所得款淨額	截至2020年3月31日止所得款淨額	截至2020年3月31日止尚未動用之所得款淨額	截至本年報日期止所得款淨額	截至本年報日期止尚未動用之所得款淨額	
	所得款淨額之建議用途	(HKD million)	(HKD million)	(HKD million)	(HKD million)	(HKD million)	(HKD million)	(HKD million)	(HKD million)
(i) For project execution and start-up costs for projects	(i) 用作項目之項目啟動及執行成本	34.2	34.2	34.2	-	34.2	-	-	-
(ii) For recruiting high calibre and experienced managers and supervisors for the expansion of our project teams and renting additional office space	(ii) 用作聘請高素質且經驗豐富的管理人員及督導人員以擴充項目團隊規模，及租賃額外辦公空間	11.4	7.7	7.7	-	7.7	-	3.3	3.3
(iii) For revamping our project management and execution system	(iii) 用於改進項目管理及執行系統	4.0	4.0	0.7	3.3	0.7	3.3	(3.3)	(3.3)
(iv) For implementation of enterprise resources planning system	(iv) 用作實施企業資源規劃系統	1.7	1.7	1.7	-	1.7	-	-	-
(v) For additional working capital and other general corporate purpose	(v) 用作額外營運資金及其他一般企業用途	5.6	4.6	4.6	-	4.6	-	-	-
Total	合計	56.9	52.2	48.9	3.3	48.9	3.3	-	-

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

根據招股書所述的業務目標、未來計劃及擬定用途乃基於本集團於編製招股書時對未來市況作出之最佳估計及假設，而所得款項之使用情況乃基於本集團業務及其行業之實際發展情況。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

CHANGE IN USE OF PROCEEDS (Continued)

Reasons for and benefits of the change in use of proceeds

The Company had planned to use HKD4.0 million of the Net Proceeds for revamping our project management and execution system to enhance its operational efficiency, and HKD0.7 million had been utilised for such purpose. During the year ended 31 March 2020, the Group failed to reach an agreement with the vendor in relation to the transfer of patent rights of the conceptual framework of the project management and executive system (the “**Management System**”) for the Group’s operational use. As at the date of this annual report, the Company has yet to identify any suitable alternate service providers to resume the design and implementation of the Management System upon research.

Meanwhile, one of our wholly owned subsidiaries requires more high calibre and experienced managers and supervisors to provide a stronger support for the execution of projects awarded. As such, on 18 June 2020, based on the interest of the Company and its Shareholders as a whole, the Board resolved to reallocate HKD3.3 million of the unutilised Net Proceeds, which were originally allocated for revamping our project management and execution system, to supplement for recruiting high calibre and experienced managers and supervisors for the expansion of our project teams and renting additional office space. The Board is of the view that such reallocation of unutilised Net Proceeds will strengthen the efficiency and effectiveness of the capital use, the use of proceeds is appropriately reallocated to better meet the current business needs of the Company, which also enables the Company to invest its financial sources in a more beneficial and effective way so as to cooperate in the future development of the Company and grasp the potential business opportunities in the future.

The Board considers that the development direction of the Company is still in line with the disclosure in the Prospectus in spite of such change in use of Net Proceeds as stated above. The aforesaid change in the use of Net Proceeds will not adversely affect the operation and business of the Group and is in the interest of the Company and its Shareholders as a whole. Save for the aforesaid changes, there is no other change to the use of the Net Proceeds.

所得款用途之變更 (續)

所得款用途變更的原因及裨益

本公司已計劃動用所得款淨額4.0百萬港元，用以改善我們的項目管理及執行系統，從而提高其運作效率，並已就此目的動用了0.7百萬港元。於截至2020年3月31日止年度，本集團未能就將其經營用途的項目管理和執行系統（「**管理系統**」）概念框架的專利權轉讓與賣方達成協議。於本年報日期，本公司尚未物色任何合適的替代服務供應商，以在進行研究後恢復設計及實施管理系統。

同時，我們的一家全資附屬公司需要更多高素質且經驗豐富的經理及主管，以為執行獲授項目提供更強勁的支持。因此，於2020年6月18日，董事會根據本公司及其股東的整體利益，議決將尚未動用所得款淨額3.3百萬港元（該款項原本分配用於改進我們的項目管理及執行系統）重新分配，以補充聘用高素質且經驗豐富的經理及主管，從而擴大我們的項目團隊及租賃額外辦公空間。董事會認為，對尚未動用的所得款淨額進行重新分配將提高資本用途的效率和效力，適當分配所得款用途以更好地滿足本公司現時業務的需求，其亦令本公司能夠以更有利及有效的方式投資其財務資源，以便在本公司的未來發展中進行合作，並把握未來潛在商機。

董事會認為，儘管所得款淨額用途已作上述變更，本公司的發展方向仍與招股章程所披露的方向一致。上述所得款淨額用途的變更不會對本集團的營運及業務造成不利影響，並符合本公司及其股東的整體利益。除上述變更外，所得款淨額用途並無其他變更。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

HUMAN RESOURCES MANAGEMENT

As at 31 March 2020, the Group had a total of 94 (31 March 2019: 80) employees. To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. In addition, discretionary bonus is offered to eligible employees by reference to the Group's results and individual performance.

EVENTS AFTER THE REPORTING PERIOD

On 1 June 2020, the acquisition of Yu Rong Capital Limited (the "Target") has been completed. Immediately after the completion of acquisition, the Target has become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Company. For details, please refer the announcement of the Company dated 14 February 2020 and 1 June 2020 respectively.

OUTLOOK

The COVID-19 pandemic is inflicting high and rising human costs worldwide. Protecting lives and allowing health care systems to cope have required isolation, lockdowns, and widespread closures to slow the spread of the virus. The health crisis is therefore having a severe impact on economic activity. As a result of the pandemic, the global economy is projected by the International Monetary Fund to contract sharply by -3% in 2020, much worse than during the 2008-09 financial crisis.

There is extreme uncertainty around the global growth forecast. The economic fallout depends on factors that interact in ways that are hard to predict, including the pathway of the pandemic, the intensity and efficacy of containment efforts, the extent of supply disruptions, the repercussions of the dramatic tightening in global financial market conditions, shifts in spending patterns, behavioural changes (such as people avoiding shopping malls and public transportation), confidence effects, and volatile commodity prices. Many countries face a multi-layered crisis comprising a health shock, domestic economic disruptions, plummeting external demand, capital flow reversals, and a collapse in commodity prices. Risks of a worse outcome predominate.

人力資源管理

於2020年3月31日，本集團共有94（2019年3月31日：80）名員工。為確保本集團有能力吸引及挽留表現優秀的員工，我們定期檢討薪酬待遇。此外，我們亦參考本集團的業績及個人表現向合資格僱員發放酌情花紅。

報告期後事項

於二零二零年六月一日，收購譽榮財資有限公司（「目標公司」）已完成。緊接完成收購後，目標公司已成為本公司間接持有的全資附屬公司，而其財務業績將綜合計入本公司之綜合財務報表。詳情請參閱本公司日期分別為2020年2月14日及2020年6月1日之公告。

展望

2019冠狀病毒病全球大流行令致全球人力成本高漲。為保護生命及使醫療保健系統運作，需要採取隔離、封城及廣泛關閉措施減緩病毒蔓延。因此，健康危機正在嚴重影響經濟活動。國際貨幣基金組織預計全球大流行將導致全球經濟在2020年急劇收縮3%，情況較2008-09年金融危機期間的水平遠為嚴峻。

全球增長預測存在極大的不確定性。對經濟的不良後果取決於以難以預測的方式相互作用的因素，包括全球大流行的傳播途徑、遏制工作的強度及效果、供應中斷程度、全球金融市場急劇緊縮的影響、支出模式轉變、行為變化（例如人們避開購物中心及公共交通工具）、信心作用及商品價格波動。諸多國家面臨著多層次危機，包括健康衝擊、國內經濟動盪、外部需求急劇下降、資本流動逆轉以及商品價格暴跌。出現更嚴重結果的風險佔主導地位。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

It is expected that year 2020 will be an even more challenging year ahead. While the Directors are committed to enhance the financial performance of the Group in 2020, it needs to stay vigilant and continuously monitor the changes in the macro-economy, include but not limit to, the impact on the economy brought by COVID-19, US president election, China-US trade frictions, trade negotiation between UK and European Union (“**EU**”), power distribution in EU after Brexit, and global climate change, fluctuation on financial market and shrinking market demands as well as government policies addressing those risks, and their effects on the valuation of different classes of assets so as to adjust business or investment plan accordingly.

Nevertheless, the Directors will continue to focus on our core business with an insightful business strategy, stable and conservative financial position in order to strives to reward the shareholders of the Company (the “**Shareholders**”).

預計2020年將是更為充滿挑戰的一年。儘管董事們致力於2020年提高本集團的財務表現，但仍需保持警惕並持續監察宏觀經濟變化，包括但不限於2019冠狀病毒病、美國總統選舉、中美貿易摩擦、英國與歐盟（「**歐盟**」）之間的貿易談判、英國脫歐後歐盟的權力分配、全球氣候變化、金融市場波動及市場需求萎縮帶來的經濟影響以及政府應對該等風險的政策及其對評估不同類別資產的影響，從而相應地調整業務或投資計劃。

儘管如此，董事將繼續以具洞察力的業務策略專注於我們的核心業務及穩健的財務狀況，從而致力回報本公司股東（「**股東**」）。

BIOGRAPHICAL DETAILS OF DIRECTORS

董事履歷詳情

Executive Directors

Mr. WONG Sai Chuen (“Mr. Wong”), aged 45, is the Chairman, Chief Executive Officer and an executive Director of the Company. He founded the Group in 2009 and was appointed as a Director on 24 March 2017. Pursuant to the director’s service agreement made between Mr. Wong and the Company with an initial term of three years commencing from 4 January 2018. He is responsible for the strategic planning, business development, daily operations and major decision making of the Group. Mr. Wong is also a director of certain subsidiaries of the Company.

Mr. Wong has over 10 years of experience in the interior fit-out industry. He is also the director of the 53rd Term Board of Directors of the Yan Chai Hospital. Mr. Wong is the spouse of Ms. Hui Man Yee, Maggie, an executive Director of the Company.

Mr. WONG Kin Kei, aged 43, is the Chief Operating Officer and an executive Director of the Company. He joined the Group in April 2010 and was appointed as a Director on 24 March 2017. Pursuant to the director’s service agreement made between Mr. Wong Kin Kei and the Company with an initial term of three years commencing from 4 January 2018. He is responsible for business development, daily operations, and technical and project management. Mr. Wong Kin Kei is also a director of certain subsidiaries of the Company.

Mr. Wong Kin Kei has about 20 years of experience in the fit-out industry. Mr. Wong Kin Kei obtained a higher diploma in building services engineering from the City University of Hong Kong in November 1999. He then obtained a bachelor’s degree in engineering from the University of Central Lancashire by distance learning in January 2007. He has also obtained the postgraduate diploma in building services engineering from Heriot-Watt University by distance learning in June 2013.

執行董事

王世存先生（「王先生」），45歲，乃本公司主席、行政總裁兼執行董事。彼於2009年創立本集團，並於2017年3月24日獲委任為董事。根據王先生與本公司訂立之董事服務協議，其初始任期自2018年1月4日起計為期三年。彼負責本集團策略規劃、業務拓展、日常營運及重大決策。王先生亦擔任本公司若干附屬公司之董事。

王先生於室內裝潢行業擁有逾10年的經驗。彼亦為仁濟醫院第53屆董事局之董事。王先生乃本公司執行董事許曼怡女士之配偶。

黃健基先生，43歲，乃本公司的營運總監兼執行董事。彼於2010年4月加入本集團，並於2017年3月24日獲委任為董事。根據黃健基先生與本公司訂立之董事服務協議，其初始任期自2018年1月4日起計為期三年。彼負責業務拓展、日常營運以及技術和項目管理。黃健基先生亦擔任本公司若干附屬公司之董事。

黃健基先生於裝潢行業擁有約20年的經驗。黃健基先生於1999年11月獲得香港城市大學屋宇裝備工程學高級文憑。隨後，彼透過遙距學習於2007年1月獲得中央蘭開夏大學工學學士學位。彼亦透過遙距學習於2013年6月獲得赫瑞－瓦特大學屋宇裝備工程學研究生文憑。

BIOGRAPHICAL DETAILS OF DIRECTORS

董事履歷詳情

Executive Directors (Continued)

Ms. HUI Man Yee, Maggie (“Ms. Hui”), aged 43, is an executive Director of the Company. She joined the Group in April 2015 and was appointed as a Director on 6 July 2017. Pursuant to the director’s service agreement made between Ms. Hui and the Company with an initial term of three years commencing from 4 January 2018. She is responsible for daily operations, business development, human resources and administrative management of the Group. Ms. Hui is also a director of certain subsidiaries of the Company.

Prior to joining the Group, Ms. Hui has over 10 years of experience in the hotel industry. Ms. Hui graduated from Sheffield Hallam University in the United Kingdom with a bachelor’s degree of science in hotel and tourism management in June 1998. She then obtained a master’s degree in business administration from University of Birmingham in the United Kingdom in December 2011. Ms. Hui is the spouse of Mr. Wong, the Chairman, Chief Executive Officer and an executive Director of the Company.

Dr. Sung Tak Wing, Leo (“Dr. Sung”), aged 59, is an executive Director, company secretary and a compliance officer of the Company. He joined the Group in September 2019 and was appointed as an executive Director on 11 March 2020. Pursuant to the director’s service agreement made between Dr. Sung and the Company with an initial term of one year commencing from 11 March 2020. He is responsible for daily operations, business development, public relations and company secretarial matter of the Group. Dr. Sung is also a director of a subsidiary of the Company.

Prior to joining the Group, Dr. Sung served as an executive director, chief executive officer, joint company secretary and authorised representative of New Western Group Limited (“**New Western**”) (formerly known as Megalogic Technology Holdings Limited), a company listed on GEM of the Stock Exchange (stock code: 8242), from March 2014 to May 2019 and was responsible for accounting and finance management, and business development as well as company secretarial matter. From September 2004 to February 2014, Dr. Sung served as the managing director and a responsible officer of King’s HT Securities Limited (now known as Tensant Securities Limited), a licensed corporation under the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the “**SFO**”), Dr. Sung has over 15 years experience in the financial and securities industry. Before entering into the financial and securities industry, Dr. Sung has worked for several solicitors’ firms in Hong Kong for about 17 years.

執行董事 (續)

許曼怡女士 (「許女士」), 43歲, 乃本公司執行董事。彼於2015年4月加入本集團, 並於2017年7月6日獲委任為董事。根據許女士與本公司訂立之董事服務協議, 其初始任期自2018年1月4日起計為期三年。彼負責本集團日常營運、業務拓展、人力資源及行政管理。許女士亦擔任本公司若干附屬公司的董事。

於加入本集團之前, 許女士於酒店行業擁有逾10年經驗。許女士於1998年6月畢業於英國Sheffield Hallam University, 取得酒店及旅遊管理理學學士學位。彼於2011年12月於英國伯明翰大學取得工商管理碩士學位。許女士乃本公司主席、行政總裁兼執行董事王先生之配偶。

宋得榮博士 (「宋博士」), 59歲, 乃本公司執行董事、公司秘書兼合規主任。彼於2019年9月加入本集團, 並於2020年3月11日起獲委任為執行董事。根據宋博士與本公司訂立之董事服務協議, 其初始任期自2020年3月11日起計為期一年。彼負責本集團之日常營運、業務拓展、公共關係及公司秘書事宜。宋博士亦擔任本公司其中一間附屬公司之董事。

加入本集團之前, 自2014年3月至2019年5月, 宋博士出任新威頓集團有限公司 (「**新威頓**」) (前稱宏創高科集團有限公司), 一間於聯交所GEM上市的公司 (股份代號: 8242) 之執行董事, 行政總裁, 聯席公司秘書及授權代表, 並負責會計核算和財務管理、業務拓展以及公司秘書事宜。自2004年9月至2014年2月, 宋博士出任皇冠亨達國際證券有限公司 (現稱天晟證券有限公司) (香港法例第571章《證券及期貨條例》(「**證券及期貨條例**」) 的持牌法團) 的董事總經理及負責人員, 宋博士於財務及證券行業擁有逾15年經驗。於加入財務及證券行業前, 宋博士曾於香港多家律師事務所工作約17年。

BIOGRAPHICAL DETAILS OF DIRECTORS

董事履歷詳情

Executive Directors (Continued)

Dr. Sung obtained a bachelor's degree of Commerce in Management and Marketing from Curtin University of Technology in Australia in February 2002 and also obtained a master's degree of Accountancy from Lingnan University in November 2012. Dr. Sung has been awarded the distinction of an honorary doctor in Business Administration from American Purlinton University in January 2013. Dr. Sung is an associate member of the Association of International Accountants, a fellow of the Institute of Public Accountants of the Australia, a fellow of the Institute of Financial Accountants of the United Kingdom, an international affiliate of The Hong Kong Institute of Certified Public Accountants, and a fellow of the Institute of the Certified Management Accountants of the Australia.

Independent non-executive Directors

Mr. Cheung Chi Man, Dennis ("Mr. Cheung"), aged 52, is an independent non-executive Director of the Company. He joined the Group as an independent non-executive Director with effect from 21 January 2020. Pursuant to the appointment letter made between Mr. Cheung and the Company with an initial term of one year commencing from 21 January 2020. Mr. Cheung has over 20 years of experience in financial management, treasury and company secretarial matters.

Mr. Cheung was appointed as an independent non-executive director of the Prosper Construction Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 6816), since August 2017. From April 2015 to June 2020, Mr. Cheung served as an independent non-executive director of New Western.

Mr. Cheung holds a master's degree in commerce from The University of New South Wales, Australia and a bachelor's degree in mechanical engineering from Imperial College, London, the United Kingdom. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and a certified tax adviser of The Taxation Institute of Hong Kong.

執行董事 (續)

宋博士於2002年2月於澳洲獲得澳洲科庭科技大學頒授商業管理及市務學學士學位，及於2012年11月獲嶺南大學頒授會計學碩士學位。宋博士於2013年1月獲得美國普林頓大學授予工商管理榮譽博士殊榮。宋博士為英國國際會計師協會會員、澳洲公共會計師協會資深會員、英國財務會計師協會資深會員、香港會計師公會國際聯繫會員，以及澳洲認證管理會計師協會資深會員。

獨立非執行董事

張志文先生（「張先生」），52歲，乃本公司獨立非執行董事。彼自2020年1月21日起加入本集團擔任獨立非執行董事。根據張先生與本公司訂立之委任書，其初始任期自2020年1月21日起計為期一年。張先生於財務管理、庫務及公司秘書事宜方面擁有逾20年經驗。

自2017年8月起，張先生獲委任為瑞港建設控股有限公司，一間於聯交所主板上市的公司（股份代號：6816）的獨立非執行董事。自2015年4月至2020年6月，張先生出任新威斯頓的獨立非執行董事。

張先生擁有澳洲新南威爾士大學商學碩士學位及英國倫敦帝國學院機械工程學士學位。彼為香港會計師公會資深會員及香港稅務學會註冊稅務師。

BIOGRAPHICAL DETAILS OF DIRECTORS

董事履歷詳情

Independent non-executive Directors (Continued)

Mr. Chan Chi Kwong, Dickson (“Mr. Chan”), aged 48, is an independent non-executive Director of the Company. He joined the Group as an independent non-executive Director with effect from 21 January 2020. Pursuant to the appointment letter made between Mr. Chan and the Company with an initial term of one year commencing from 21 January 2020. Mr. Chan has over 20 years of experience in accounting, auditing and taxation matters.

Since June 2018, Mr. Chan has been appointed as an independent non-executive director of eBroker Group Limited, a company listed on GEM of the Stock Exchange (stock code: 8036).

Mr. Chan is a fellow member and CPA (Practising) of The Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. In November 2004, Mr. Chan obtained a master’s degree in corporate finance from The Hong Kong Polytechnic University and a bachelor of laws degree from the City University of Hong Kong in October 2014.

Mr. Pang Chung Fai, Benny (“Mr. Pang”), aged 47, is an independent non-executive Director of the Company. He joined the Group as an independent non-executive Director with effect from 8 December 2017. Pursuant to the appointment letter made between Mr. Pang and the Company with an initial term of three year commencing from 4 January 2018.

Mr. Pang, currently is a partner of F. Zimmern & Co. (in association with Grandall Legal Group (Hong Kong)). He continues to serve as the sole proprietor of Benny Pang & Co. He was appointed as an independent non-executive director of Janco Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8035) with effect from 27 September 2019. He continues to serve as a non-executive director of Huabang Financial Holdings Limited and an independent non-executive director of Yuanda China Holdings Limited, both companies are listed on the Main Board of the Stock Exchange (stock code: 3638 and 2789, respectively).

Mr. Pang obtained a bachelor degree in laws (honors) from Bond University, Australia, in 1996. He obtained his master degree in laws from The University of New South Wales, Australia in October 1997 and his graduate diploma in legal practice from The College of Law, Sydney in Australia in November 1997. He has been admitted as a legal practitioner of the Supreme Court of New South Wales, Australia since 1997 and as a solicitor of the High Court of Hong Kong since 2009. He is a member of each of the Law Society of New South Wales, Australia and the Law Society of Hong Kong.

獨立非執行董事 (續)

陳智光先生 (「陳先生」)，48歲，乃本公司獨立非執行董事。彼自2020年1月21日起加入本集團擔任獨立非執行董事。根據陳先生與本公司訂立之委任書，其初始任期自2020年1月21日起計為期一年。陳先生於會計、審計及稅務方面擁有逾20年經驗。

自2018年6月起，陳先生已獲委任為電子交易集團有限公司，一間於聯交所GEM上市的公司（股份代號：8036）之獨立非執行董事。

陳先生為香港會計師公會資深會員及執業會計師以及特許公認會計師公會資深會員。於2004年11月，陳先生獲香港理工大學頒授企業金融學碩士學位，並於2014年10月獲香港城市大學頒授法律學士學位。

彭中輝先生 (「彭先生」)，47歲，乃本公司獨立非執行董事。彼自2017年12月8日起加入本集團擔任獨立非執行董事。根據彭先生與本公司訂立之委任書，其初始任期自2018年1月4日起計為期三年。

彭先生目前乃施文律師事務所（聯營國浩律師集團（香港）事務所）之合夥人。彼繼續為Benny Pang & Co.的獨資經營者。彼自2019年9月27日起獲委任為駿高控股有限公司的獨立非執行董事，一間於聯交所GEM上市（股份代號：8035）。彼繼續擔任華邦金融控股有限公司的非執行董事及遠大中國控股有限公司的獨立非執行董事（兩間公司均於聯交所主板上市，股份代號分別為：3638及2789）。

彭先生於1996年取得澳洲邦德大學法律（榮譽）學士學位。彼於1997年10月於澳洲新南威爾士大學取得法律碩士學位及於1997年11月於澳洲悉尼法律學院獲得法律執業研究生文憑。彼自1997年起獲澳洲新南威爾士最高法院認可成為執業律師，並自2009年起獲得香港高等法院認可成為事務律師。彼為澳洲新南威爾士律師公會會員及香港律師會會員。

DIRECTORS' REPORT

董事會報告

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in provision of interior fit-out solutions in Hong Kong and the PRC. Details of the principal activities of the principal subsidiaries of the Company are set out in the note 29 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segment is set out in note 6 to the consolidated financial statements.

BUSINESS REVIEW

The business review and an indication of likely future developments of the Group for the year ended 31 March 2020, as required by Schedule 5 of the Companies Ordinance (Chapter 622, Laws of Hong Kong (the "**Companies Ordinance**"), are set out in the "Chairman's Statement" and "Management Discussion and Analysis" on pages 5 to 6 and pages 8 to 19 respectively of this annual report. Such discussion forms part of this directors' report.

PRINCIPAL RISKS AND UNCERTAINTIES

The business operations and results of the Group may be affected by various factors, some of which are external causes and some are inherent to the business. The Board is aware that the Group is exposed to various risks and the principal risks and uncertainties are summarized below:

- We depend on our subcontractors to carry out various trades of work and bear the risks associated with fluctuations in subcontracting costs, substandard performance and instability of their operations;
- The Group's business is project-based. Fee collection and profit margin depend on the terms of the work contract and may not be regular;

董事欣然提呈本集團截至2020年3月31日止年度的董事會報告書及經審核綜合財務報表。

主要業務

本公司的主要業務為投資控股。本集團的主要業務為於香港及中國提供室內裝潢解決方案。本公司的主要附屬公司之主要業務詳情載於本綜合財務報表附註29。

本集團按營運分部劃分的本年度業績分析載於本綜合財務報表附註6。

業務回顧

根據香港法例第622章《公司條例》(「**公司條例**」)附表5之規定，本集團的業務回顧及截至2020年3月31日止年度本集團未來可能的發展，分別載於本年報第5至6頁及第8至19頁之「主席報告」及「管理層討論及分析」一節。此討論為本董事會報告之一部分。

主要風險及不明朗因素

本集團的業務營運及業績可能受多項因素影響，當中部分為外部因素，部分為業務固有因素。董事會知悉本集團面臨多種風險，主要的風險及不明確因素概括如下：

- 我們依靠次承判商開展各個工種的項目，並承擔與分包成本波動、表現不合格及彼等營運不穩定相關的風險；
- 本集團的業務以項目為基礎。收費及利潤率取決於工作合約的條款，可能不會固定；

PRINCIPAL RISKS AND UNCERTAINTIES

(Continued)

- Most of the revenue is derived from contracts awarded through competitive tendering and the contracts are non-recurring in nature. The Group's business depends on its success on project tenders;
- We determine the tender price based on our estimation of the time and costs involved, which may not be accurate; and
- Our liquidity and financial position may be adversely affected if we cannot receive progress payments or retention money in full in time or at all.

ENVIRONMENTAL POLICIES

The Group is committed to minimizing its carbon footprint and consumption of natural resources in all possible aspects of business operations. Our environmental strategy is to achieve a balance between the quality and efficiency of our services and the minimization of greenhouse gas emissions and environmental degradation. Accordingly, the Group promotes awareness towards environmental protection to the employees and has taken a proactive approach to effect internal and external communications by means of telephone, emails and conferences or such other communication means which are efficient yet environmentally friendly. Also, the Group are able to minimize physical travelling and printing.

RELATIONSHIPS WITH EMPLOYEES

The employees of the Group are one of the most important assets and stakeholder of the Group, their contribution and support are valuable to the Group at all times. The Group regularly reviews compensation and benefits policies accordingly to industry benchmark as well as the individual performance of employees. Other fringe benefits, which include but not limited to discretionary bonus, are provided to retain loyal employees with the aim to form a professional staff and management team that can bring the Group to different levels of success.

主要風險及不明朗因素 (續)

- 我們大部分收入來自透過競爭性招標獲授的合約，該等合約均屬非經常性質。本集團的業務取決於能否贏得項目招標；
- 我們根據預計的投入時間及成本釐定投標價格或許並不準確；及
- 倘我們未能按時全額收到工程進度款或保證金，或根本無法收到有關款項，本公司的流動資金及財務狀況可能會受到不利影響。

環境政策

本集團致力於在業務營運的所有可能方面盡量減少碳足跡及自然資源的消耗。本集團之環境策略為於服務質量及效率與盡量減少溫室氣體排放及環境惡化之間達致平衡。因此，本集團提高僱員的環保意識並已採取積極措施，透過電話、電郵及會議或其他高效且環保之通訊方式進行內部及外部交流。此外，本集團可盡量減少實體差旅及印刷。

與僱員的關係

本集團之僱員為本集團最重要資產及持份者之一以及彼等之貢獻及支持對本集團一直屬至關重要。本集團根據行業標準及僱員之個人表現定期檢討薪酬及福利政策。本集團亦提供其他附加福利，其中包括但不限於酌情花紅以挽留忠誠僱員，旨在形成可令本集團取得不同層面成功之專業僱員及管理團隊。

DIRECTORS' REPORT

董事會報告

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, EMPLOYEES AND SHAREHOLDERS

The success of the Group also depends on the support from key parties which comprise customers, suppliers, employees and shareholders. During the year ended 31 March 2020, the Group have maintained good relationships with the customers and suppliers and there was no material dispute between the Group and the customers or the suppliers.

Regarding the employees, the Group focuses on the talents of our employees as our most valuable asset and provides a harmonious and professional working environment. During the year ended 31 March 2020, we have provided competitive remuneration packages to our employees to recognize their contribution to the Group.

The principal goal of the Group is to maximize the return to the Shareholders. The Group will focus on our core business for achieving sustainable profit growth and rewarding the Shareholders with dividend payouts while taking into account the business development needs and financial health of the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company has complied with the requirements under the Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the GEM Listing Rules and the SFO relating to, among other things, the information disclosure and corporate governance.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 72 to 73 of this annual report.

與客戶、供應商、僱員及股東的關係

本集團的成功亦依賴於客戶、供應商、僱員及股東等主要人士的支持。於截至2020年3月31日止年度，本集團已與客戶及供應商建立良好的合作關係且本集團與客戶或供應商之間並無重大分歧。

關於僱員，本集團關注僱員的才能並視其為我們最寶貴的資產，並為僱員提供和諧專業的工作環境。於截至2020年3月31日止年度，我們提供予僱員具競爭力的薪酬待遇以確認其對本集團的貢獻。

本集團的主要目標是盡全力提高股東回報。本集團專注於核心業務，力求實現可持續的利潤增長，並通過股息派發而回饋股東，當中會考慮本集團的業務發展需要及財務穩健。

遵守法律及法規

本公司已遵守開曼群島《公司法》第22章（1961年第3號法律，經合併及修訂）、GEM上市規則及證券及期貨條例其中包括信息披露和企業管治的要求。

業績及股息

本集團截至2020年3月31日止年度業績載於本年報第72至73頁之綜合損益及其他全面收益表。

DIRECTORS' REPORT

董事會報告

RESULTS AND DIVIDENDS *(Continued)*

Dividend Policy

The Company is committed to sharing its development and achievements with Shareholders through proactive, stable and sustainable dividend policy. The Board would strive to strike a balance between meeting Shareholder's expectations and managing funds prudently. When considering the dividend policy, the Board will comprehensively observe the macro-economic, the competition pattern of the industry and its own development strategy. To ensure the Group has sufficient working capital to implement the development strategy, the Company will distribute surplus funds to Shareholders and reward their support. As such, there will be no assurance that the Company will be able to declare or distribute any dividend in the amount set out in any plan by the Board. If the Company pays dividends, the dividend payout ratio will remain at 20% or above if possible.

Dividend

The Board do not recommend the payment of final dividend for the year ended 31 March 2020 (2019: HK3.1 cents per share).

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

In order to ascertain the entitlement of Shareholders to attend and vote at the AGM, the transfer books and register of members of the Company will be closed from Tuesday, 28 July 2020 to Friday, 31 July 2020 (both days inclusive), during of which no transfer of Shares will be effected. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 27 July 2020.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 76 and in note 30 to the consolidated financial statements.

業績及股息 (續)

股息政策

本公司致力於透過積極穩健及可持續的股息政策，與股東分享其發展和成就。董事會努力在符合股東期望與審慎管理資本之間達致平衡。在考慮股息政策時，董事會將綜合觀察宏觀經濟、行業競爭格局以及自身發展策略。為確保本集團具備充足營運資金以落實發展策略，本公司將盈餘的資金派發予股東，以回報股東的支持。因此，無法保證本公司將能夠宣派及派發董事會任何計劃內所載的任何股息額。倘本公司派付股息，派息比率將盡可能維持在20%或以上。

股息

董事會不建議就截至2020年3月31日止年度派付末期股息(2019年：每股3.1港仙)。

為股東週年大會暫停辦理股份過戶登記手續

為確定股東有權出席股東週年大會並於會上投票，本公司將自2020年7月28日(星期二)至2020年7月31日(星期五)(包括首尾兩日)暫停辦理股份過戶登記手續及股東名冊登記，期間不會辦理任何股份過戶登記手續。為符合資格出席股東週年大會並於會上投票，所有股份過戶文件連同有關股票必須最遲於2020年7月27日(星期一)下午四時三十分前送達本公司的香港股份過戶及轉讓登記分處卓佳證券登記有限公司(地址為香港皇后大道東183號合和中心54樓)，以辦理登記。

儲備

本集團及本公司於本年度之儲備變動詳情載於綜合權益變動表第76頁及綜合財務報表附註30。

DIRECTORS' REPORT

董事會報告

DISTRIBUTABLE RESERVES

As at 31 March 2020, the distributable reserves of the Company amounted to HKD74.0 million (2019: HKD81.5 million).

DONATIONS

Charitable and other donations made by the Group during the year amounted to less than HKD0.1 million (2019: less than HKD0.1 million).

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL AND SHARE OPTIONS

Details of movements during the year in the share capital of the Company is set out in note 22 and 28 to the consolidated financial statements.

Details of movements during the year in the share options is set out in note 28 to the consolidated financial statements and "Share option scheme" section contained in this Directors' report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Amended and Restated Memorandum and Articles of Association of the Company (the "Articles of Association") and there was no restriction against such rights under the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 160 of this annual report.

可供分派之儲備

於2020年3月31日，本公司的可供分派儲備為74.0百萬港元（2019年：81.5百萬港元）。

捐款

本集團於本年度作出的慈善捐款及其他捐款少於0.1百萬港元（2019年：少於0.1百萬港元）。

物業、機器及設備

本集團於本年度的物業、機器及設備之變動詳情載於綜合財務報表附註13。

股本及購股權

本公司股本於本年度變動之詳情載於綜合財務報表附註22及28。

購股權於本年度變動之詳情載於綜合財務報表附註28及本董事會報告的「購股權計劃」一節。

優先購買權

本公司經修訂的組織章程細則（「組織章程細則」）並無優先購買權的規定，開曼群島法律也沒有關於此類權利的限制，規定本公司須按比例向現有股東發售新股。

五年財務摘要

本集團過去五個財政年度之業績、資產及負債摘要載於本年報第160頁。

DIRECTORS' REPORT

董事會報告

DIRECTORS

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

Executive Directors

Wong Sai Chuen (*Chairman and Chief Executive Officer*)

Wong Kin Kei (*Chief Operating Officer*)

Hui Man Yee, Maggie

Sung Tak Wing, Leo (*appointed on 11 March 2020*)

Non-executive Director

Cheung Ting Pong (*resigned on 22 October 2019*)

Independent Non-executive Directors

Cheung Chi Man, Dennis (*appointed on 21 January 2020*)

Chan Chi Kwong, Dickson (*appointed on 21 January 2020*)

Pang Chung Fai, Benny

Fan Chun Wah, Andrew, *J.P.* (*resigned on 1 January 2020*)

Wu Kam On, Keith (*resigned on 2 February 2020*)

In accordance with Article 109(a) of the Articles of Association, Mr. Wong Kin Kei, Dr. Sung Tak Wing, Leo, Mr. Cheung Chi Man, Dennis, Mr. Chan Chi Kwong, Dickson and Mr. Pang Chung Fai, Benny shall retire at the forthcoming AGM and, being eligible, offer themselves for re-election.

Mr. Cheung Ting Pong resigned as a non-executive Director in order to devote more time to his other work arrangements. Mr. Cheung Ting Pong has confirmed that he has no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the Shareholders and the Stock Exchange.

Mr. Fan Chun Wah, Andrew, *J.P.* and Mr. Wu Kam On, Keith resigned as independent non-executive Director on 1 January 2020 and 2 February 2020 respectively. Both of them have confirmed that they have no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the Shareholders and the Stock Exchange.

Mr. Cheung Chi Man, Dennis and Mr. Chan Chi Kwong, Dickson are independent non-executive Directors and were appointed for a one-year term expiring on 20 January 2021.

董事

於本年度及截至本年報日期的董事如下：

執行董事

王世存 (*主席兼行政總裁*)

黃健基 (*營運總監*)

許曼怡

宋得榮 (*於2020年3月11日獲委任*)

非執行董事

張靈邦 (*於2019年10月22日辭任*)

獨立非執行董事

張志文 (*於2020年1月21日獲委任*)

陳智光 (*於2020年1月21日獲委任*)

彭中輝

范駿華, *太平紳士* (*於2020年1月1日辭任*)

鄔錦安 (*於2020年2月2日辭任*)

根據組織章程細則第109(a)條規定，黃健基先生，宋得榮博士，張志文先生，陳智光先生及彭中輝先生將於應屆股東週年大會上輪席告退，並符合資格膺選連任。

張靈邦先生為投入更多時間於其他工作安排，已辭任本公司之非執行董事。張靈邦先生已確認，彼與董事會之間並無意見分歧，亦無與辭任其非執行董事職務之事宜須敦請股東及聯交所垂注。

范駿華先生，*太平紳士*及鄔錦安先生分別於2020年1月1日及2020年2月2日辭任獨立非執行董事。兩人均已確認，彼與董事會之間並無意見分歧，亦無與辭任其職務之事宜須敦請股東及聯交所垂注。

張志文先生及陳智光先生為獨立非執行董事，任期一年，將於2021年1月20日屆滿。

DIRECTORS' REPORT

董事會報告

DIRECTORS' SERVICES CONTRACTS

The Company has entered into a director's service agreement with each of the executive Directors, namely Mr. Wong, Mr. Wong Kin Kei and Ms. Hui, for a term of three years from 4 January 2018. The Company also entered into a director's service agreement with Dr. Sung Tak Wing, Leo, an executive Director, with an initial term of one year commencing from 11 March 2020.

The Company has issued a letter of appointment to Mr. Pang Chung Fai, Benny, an independent non-executive Director, with a term of three years from 4 January 2018. The Company also issued letter of appointment to each of the independent non-executive Directors, namely Mr. Cheung Chi Man, Dennis and Mr. Chan Chi Kwong, Dickson, with an initial term of one year commencing from 21 January 2020.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the Group's business, to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which a Director or an entity connected with the Director had a material interest, whether directly or indirectly, subsisting at the end of the year or at anytime during the year.

MANAGEMENT CONTRACTS

Other than the Directors' service agreements and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence as at the end of the year ended 31 March 2019 or at any time during the year ended 31 March 2020.

董事服務合約

本公司已與各位執行董事王先生、黃健基先生及許女士訂立董事服務協議，自2018年1月4日起計為期三年。本公司亦與宋得榮博士，一名執行董事，訂立董事服務協議，初始任期自2020年3月11日起計為期一年。

本公司已向獨立非執行董事彭中輝先生發出委任書，自2018年1月4日起為期三年。本公司亦向各獨立非執行董事張志文先生及陳智光先生發出委任書，初始任期自2020年1月21日起計為期一年。

董事於有關本公司業務之重大交易、安排及合約的重大權益

概無有關本集團業務而本公司、其控股公司或其任何附屬公司或同系附屬公司為其中一名訂約方及董事或董事之關連方於當中擁有重大利益（不論直接或間接）之其他重大交易、安排或合約，於年末或於本年度內任何時間存續。

管理合約

除董事服務協議及委任函外，於截至2019年3月31日止年度末或截至2020年3月31日止年度任何時間，概無訂立或存在與本集團整體或任何重大部分業務的管理及行政事務有關的合約。

DIRECTORS' REPORT

董事會報告

BIOGRAPHICAL DETAILS OF DIRECTORS AND COMPANY SECRETARY

Brief biographical details of Directors including the professional qualifications of the company secretary and compliance officer are set out on pages 20 to 23 of this annual report.

EMOLUMENTS OF THE DIRECTORS, CHIEF EXECUTIVE AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' emoluments and of the five highest paid individuals are set out in notes 31(a) and 9 to the consolidated financial statements, respectively.

The Directors' remunerations are subject to Shareholders' approval at general meetings. Other emoluments are determined by the remuneration committee of the Company ("Remuneration Committee") with reference to Directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 March 2020, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO (Chapter 571 of the Laws of Hong Kong)), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register maintained by the Company pursuant to section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.68 of the GEM Listing Rules relating to the securities transactions by the directors were as follows:

董事及公司秘書履歷詳情

董事之履歷詳情，包括公司秘書及合規主任的專業資格已載於本年報第20至23頁。

董事，最高行政人員及五名最高薪酬人士的薪酬

有關董事及五名最高薪酬人士的薪酬詳情分別載於綜合財務報表附註31(a)及9。

董事的薪酬須經股東於股東大會批准。其他薪酬由本公司薪酬委員會（「薪酬委員會」）根據董事的職務、職責及表現以及本集團的業績釐定。

董事及最高行政人員於本公司或任何相聯法團股份、相關股份及債券的權益及淡倉

於2020年3月31日，本公司董事及最高行政人員於本公司或其任何相聯法團（定義見香港法例第571章證券及期貨條例第XV部）的股份、相關股份及債券中擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的權益及淡倉（包括根據證券及期貨條例的有關條文彼等被視為或當作擁有的權益及淡倉），或根據證券及期貨條例第352條須登記由本公司存置之登記冊內的權益及淡倉或根據有關董事進行證券交易的GEM上市規則第5.46至5.68條規定須另行知會本公司及聯交所的權益及淡倉，如下：

DIRECTORS' REPORT

董事會報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS (Continued)

(A) Long Position in the Company's Shares

董事及最高行政人員於本公司或任何相聯法團股份、相關股份及債券的權益及淡倉(續)

(A) 於本公司股份的好倉

Name of Directors/ chief executive	Capacity/ nature of interest	Number of issued shares held/ interested in	Percentage of the issued share capital
董事/最高行政人員姓名	身份/權益性質	所持/擁有權益的 已發行股份數目	佔已發行 股本百分比
Ms. Hui Man Yee, Maggie 許曼怡女士	Interest of spouse 配偶權益	112,500,000 (Note 1) (附註1)	56.25%
Mr. Wong Kin Kei 黃健基先生	Interest in a controlled corporation 受控法團權益	37,500,000 (Note 2) (附註2)	18.75%
Mr. Wong Sai Chuen 王世存先生	Interest in a controlled corporation 受控法團權益	112,500,000 (Note 3) (附註3)	56.25%

Notes:

- Ms. Hui Man Yee, Maggie, the spouse of Mr. Wong Sai Chuen, is deemed to be interested in the 112,500,000 Shares held by him, through his controlled corporation, Madison Square International Investment Limited, pursuant to the SFO.
- Shares in which Mr. Wong Kin Kei is interested in consist of 37,500,000 Shares held by J&J Partner Investment Group Limited, a company wholly owned by him, in which Mr. Wong Kin Kei is deemed to be interested under the SFO.
- Shares in which Mr. Wong Sai Chuen is interested in consist of 112,500,000 Shares held by Madison Square International Investment Limited, a company wholly owned by him, in which Mr. Wong Sai Chuen is deemed to be interested under the SFO.

附註:

- 根據證券及期貨條例，許曼怡女士(王世存先生的配偶)被視為於王先生透過其受控法團世曼有限公司持有的112,500,000股股份中擁有權益。
- 黃健基先生擁有權益的股份包括旭傑有限公司(一家由黃健基先生全資擁有的公司，根據證券及期貨條例，黃健基先生被視為於其中擁有權益)持有的37,500,000股股份。
- 王世存先生擁有權益的股份包括世曼有限公司(一家由王先生全資擁有的公司，根據證券及期貨條例，王世存先生被視為於其中擁有權益)持有的112,500,000股股份。

DIRECTORS' REPORT

董事會報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS (Continued)

(B) Long Position in the Shares of associated corporations

董事及最高行政人員於本公司或任何相聯法團股份、相關股份及債券的權益及淡倉 (續)

(B) 於相聯法團股份的好倉

Name of Directors/ chief executive	Name of associated corporation	Capacity/ nature of interest	Number of issued shares held/interested in 所持/擁有權益的 已發行股份數目	Percentage of shareholding 持股百分比
董事/最高行政人員姓名	相聯法團名稱	身份/權益性質		
Ms. Hui Man Yee, Maggie (Note 1)	Madison Square International Investment Limited (Note 2)	Interest of spouse	37,500	100%
許曼怡女士 (附註 1)	世曼有限公司 (附註 2)	配偶權益		
Mr. Wong Kin Kei	J&J Partner Investment Group Limited (Note 3)	Beneficial owner	12,500	100%
黃健基先生	旭傑有限公司 (附註 3)	實益擁有人		
Mr. Wong Sai Chuen	Madison Square International Investment Limited (Note 2)	Beneficial owner	37,500	100%
王世存先生	世曼有限公司 (附註 2)	實益擁有人		

Notes:

- Ms. Hui Man Yee, Maggie, the spouse of Mr. Wong Sai Chuen, is deemed to be interested in Mr. Wong Sai Chuen's interest in Madison Square International Investment Limited, pursuant to the SFO.
- Under the SFO, a holding company of listed corporation is regarded as an "associated corporation". Madison Square International Investment Limited held 56.25% of our issued share capital and thus was our associated corporation.
- Under the SFO, a holding company of listed corporation is regarded as an "associated corporation". J&J Partner Investment Group Limited held 18.75% of our issued share capital and thus was or associated corporation.

附註:

- 許曼怡女士乃王世存先生的配偶，根據證券及期貨條例，被視為於王世存先生於世曼有限公司的權益中擁有權益。
- 根據證券及期貨條例，上市法團的控股公司被視作「相聯法團」。世曼有限公司持有本公司已發行股本的56.25%，故為本公司的相聯法團。
- 根據證券及期貨條例，上市法團的控股公司被視作「相聯法團」。旭傑有限公司持有本公司已發行股本的18.75%，故為本公司的相聯法團。

Save as disclosed above, as at 31 March 2020, none of the Directors and chief executive of the Company nor their close associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO.

除上文所披露者外，於2020年3月31日，概無本公司董事及最高行政人員或彼等之緊密聯繫人於本公司或其任何相聯法團（定義見證券及期貨條例）的任何股份、相關股份及債券中擁有任何權益或淡倉。

DIRECTORS' REPORT

董事會報告

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

As at 31 March 2020, so far as known to the Directors, the particulars of the corporate or persons (other than a Director or the chief executive of the Company) which had 5% or more interests and short positions in the shares and the underlying shares of the Company as recorded in the register kept pursuant to section 336 of the SFO were as follows:

Long Position in the Company's Shares

主要股東及其他人士於本公司股份及相關股份的權益及淡倉

於2020年3月31日，據董事所知，根據證券及期貨條例第336條存置的登記冊所記錄擁有本公司股份及相關股份5%或以上權益及淡倉的法團或人士（本公司董事或最高行政人員除外）詳情如下：

於本公司股份的好倉

Name of Shareholders	Capacity/ nature of interest	Number of issued shares held/ interested in	Percentage of shareholding
股東姓名	身份/權益性質	所持/擁有權益的 已發行股份數目	持股百分比
Madison Square International Investment Limited (Note 1) 世曼有限公司(附註1)	Beneficial owner 實益擁有人	112,500,000	56.25%
Mr. Wong Sai Chuen (Note 1) 王世存先生(附註1)	Interest in a controlled corporation 受控法團權益	112,500,000	56.25%
Ms. Hui Man Yee, Maggie (Note 2) 許曼怡女士(附註2)	Interest of spouse 配偶權益	112,500,000	56.25%
J&J Partner Investment Group Limited (Note 3) 旭傑有限公司(附註3)	Beneficial owner 實益擁有人	37,500,000	18.75%
Mr. Wong Kin Kei (Note 3) 黃健基先生(附註3)	Interest in a controlled corporation 受控法團權益	37,500,000	18.75%
Ms. Ho Sin Ying (Note 4) 何倩瑩女士(附註4)	Interest of spouse 配偶權益	37,500,000	18.75%

DIRECTORS' REPORT

董事會報告

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

(Continued)

Notes:

1. Shares in which Mr. Wong Sai Chuen is interested in consist of 112,500,000 Shares held by Madison Square International Investment Limited, a company wholly owned by him, in which Mr. Wong Sai Chuen is deemed to be interested under the SFO.
2. Ms. Hui Man Yee, Maggie, the spouse of Mr. Wong Sai Chuen, is deemed to be interested in the 112,500,000 Shares held by him, through his controlled corporation, Madison Square International Investment Limited, pursuant to the SFO.
3. Shares in which Mr. Wong Kin Kei is interested in consist of 37,500,000 Shares held by J&J Partner Investment Group Limited, a company wholly owned by him, in which Mr. Wong Kin Kei is deemed to be interested under the SFO.
4. Ms. Ho Sin Ying, the spouse of Mr. Wong Kin Kei, is deemed to be interested in the 37,500,000 Shares held by him, through his controlled corporation, J&J Partner Investment Group Limited, pursuant to the SFO.

Save as disclosed above, as at 31 March 2020, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who has interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

On 8 December 2017, the Company adopted the share option scheme (the "Share Option Scheme"), which falls within the ambit of, and is subject to, the regulations under Chapter 23 of the GEM Listing Rules. The purpose of the Share Option Scheme is to attract, retain and motivate employees, Directors and other participants, and to provide a means of compensating them through the grant of options for their contribution to the growth and profits of the Group, and to allow such employees, Directors and other persons to participate in the growth and profitability of the Group.

主要股東及其他人士於本公司股份及相關股份的權益及淡倉 (續)

附註:

1. 王世存先生擁有權益的股份包括世曼有限公司(一家由王先生全資擁有的公司,根據證券及期貨條例,王世存先生被視為於其中擁有權益)持有的112,500,000股股份。
2. 根據證券及期貨條例,許曼怡女士(王世存先生的配偶)被視為於王先生透過其受控法團世曼有限公司持有的112,500,000股股份中擁有權益。
3. 黃健基先生擁有權益的股份包括旭傑有限公司(一家由黃健基先生全資擁有的公司,根據證券及期貨條例,黃健基先生被視為於其中擁有權益)持有的37,500,000股股份。
4. 根據證券及期貨條例,何倩瑩女士(黃健基先生的配偶)被視為於黃健基先生透過其受控法團旭傑有限公司持有的37,500,000股股份中擁有權益。

除上文所披露者外,於2020年3月31日,概無任何人士(本公司董事或最高行政人員除外)曾知會本公司,其於本公司股份或相關股份中擁有根據證券及期貨條例第336條規定須記錄在本公司存置的登記冊內的權益或淡倉。

購股權計劃

於2017年12月8日,本公司採納的購股權計劃(「購股權計劃」)符合GEM上市規則第23章項下規定的範圍,並須遵守該等規定。購股權計劃旨在吸引、挽留及鼓勵僱員、董事及其他參與者,並透過授出購股權酬謝彼等對本集團增長及利潤作出貢獻,以及讓該等僱員、董事及其他人員分享本集團的增長及盈利。

DIRECTORS' REPORT

董事會報告

SHARE OPTION SCHEME (Continued)

Qualified participants of the Share Option Scheme include directors (including executive, non-executive and independent non-executive Directors) and employees (whether full-time or part-time) of the Company or any of its subsidiaries or any other person who is in the absolute discretion of the Board has contributed or will contribute to the Group.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme is 20,000,000 Shares, representing approximately 10% of the total issued share capital of the Company as at the date of this announcement.

The total number of Shares issued and to be issued upon the exercise of the options granted to or to be granted to each eligible person under the Share Option Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue.

The offer of a grant of share options under the Share Option Scheme may be accepted upon payment of a consideration of HK\$1 by the grantee.

The Share Option Scheme will remain in force for a period of 10 years commencing on 8 December 2017 and the options granted have a 10-year exercise period. Options may be vested over such period(s) as determined by the Board in its absolute discretion subject to compliance with the requirements under any applicable laws, regulations or rules.

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

No share options has lapsed, or have been granted, exercised or cancelled under the Share Option Scheme since its adoption and up to the date of this announcement, hence no outstanding share option as at 31 March 2020 and 2019.

購股權計劃 (續)

購股權計劃的合資格參與者包括本公司或其任何附屬公司的董事(包括執行董事、非執行董事及獨立非執行董事)及僱員(不論全職或兼職)或董事會全權認為對本集團已作出或將作出貢獻的任何其他人士。

因根據購股權計劃將予授出的所有購股權獲行使而可能發行的股份總數為20,000,000股，佔於本公告日期本公司已發行股本總數約10%。

於任何12個月期間，因根據購股權計劃已授予或將授予各合資格人士的購股權(包括已獲行使、已註銷及未獲行使的購股權)獲行使而已發行及將予發行的股份總數不得超過已發行股份的1%。

根據購股權計劃授出購股權的要約可由承授人在支付1港元代價後接納。

購股權計劃將於2017年12月8日起計十年內仍然有效，及已授出之購股權行使期為十年。購股權可於董事會全權酌情釐定的期間歸屬，惟須遵守任何適用法律、規例或法規的規定。

購股權計劃項下購股權的行使價由董事會釐定，但不得低於以下最高者(i)股份於授出日期(必須為營業日)在聯交所日報表所示的收市價；(ii)緊接授出日期前五個營業日股份在聯交所日報表所示的平均收市價；及(iii)股份面值。

自購股權計劃採納起至本公告日期，概無任何購股權根據購股權計劃已失效或授出或獲行使或註銷，因此，於2020年及2019年3月31日並無任何發行在外的購股權。

DIRECTORS' REPORT

董事會報告

SHARE AWARD SCHEME

On 16 October 2018, the Board approved the adoption of the share award scheme (the “**Share Award Scheme**”) with immediate effect, pursuant to which all eligible persons will be entitled to participate. The purpose of the Share Award Scheme is to recognize the contributions by certain eligible persons and provide them with incentives in order to retain them for the continuing operation and development of the Group, and to attract suitable personnel for further development of the Group.

The total number of Shares which may be granted under the Share Award Scheme is 2,056,000 Shares, representing approximately 1.03% of the total issued share capital of the Company as at the date of this announcement. No Shares have been granted under the Share Award Scheme since its adoption and up to the date of this announcement.

A summary of the terms of the Share Award Scheme has been set out in the announcement of the Company dated 16 October 2018.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year ended 31 March 2020 was the Company, its holding company or any of its subsidiaries or fellow subsidiaries a party to an arrangement that would enable the Directors or their close associates to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association and subject to the relevant provisions therein, the Directors, company secretary and other officers shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may incur in or sustain by the execution of their duties in their respective offices or otherwise in relation thereto. The Company has arranged appropriate insurance cover for the Directors and senior management of the Company in respect of legal action against them in the course of execution of their duties in good faith.

股份獎勵計劃

於2018年10月16日，董事會批准採納股份獎勵計劃（「**股份獎勵計劃**」），即時生效，據此，所有合資格人士將有權參與股份獎勵計劃。股份獎勵計劃之目的乃嘉許若干合資格人士的貢獻並向彼等提供獎勵，以挽留彼等服務於本集團的持續營運及發展，並為本集團的進一步發展吸引合適人員。

根據股份獎勵計劃可能授出的股份總數為2,056,000股，佔於本公告日期本公司全部已發行股本約1.03%。自股份獎勵計劃採納起至本公告日期，概無根據股份獎勵計劃授出任何股份。

股份獎勵計劃之條款概要載列於本公司日期為2018年10月16日的公告內。

董事購買股份或債券的權利

除本年報所披露者外，截至2020年3月31日止年度內，本公司、其控股公司或其任何附屬公司或同系附屬公司概無訂立任何安排致使董事或彼等緊密聯繫人藉收購本公司或任何其他法團的股份或債券而獲益。

獲准許的彌償條文

根據組織章程細則並受當中相關條文所規限，董事、公司秘書及其他高級管理人員就執行其職務或與之相關的其他事宜而承擔或蒙受的所有訴訟、費用、收費、損失、賠償及開支均可獲得本公司以其資產及溢利作出彌償及保證免受損害。本公司已為董事及高級管理人員在其真誠善意地履行職責過程中可能招致任何法律訴訟，為彼等安排適當的責任保險以茲保障。

DIRECTORS' REPORT

董事會報告

EQUITY-LINKED ARRANGEMENT

Save as disclosed under the section headed "SHARE OPTION SCHEME" above and note 28 to the consolidated financial statements, no equity-linked agreement was entered into by the Company for the year ended 31 March 2020.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2020, sales attributable to the Group's largest customer accounted for 9.2% of the Group's total sales and aggregate sales to the five largest customers of the Group accounted for 32.8% of the Group's total sales.

For the year ended 31 March 2020, purchases attributable to the Group's largest supplier accounted for 10.1% of the Group's total purchases and aggregate purchases attributable to the five largest suppliers of the Group accounted for 29.5% of the Group's total purchases.

To the best knowledge of the Directors, none of the Directors, or their respective close associates, or Shareholders owning more than 5% of the Company's issued share capital had any beneficial interests in any of the Group's five largest customers or suppliers.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

During the year, except for those disclosed in note 26 to the consolidated financial statements, the Group had no transactions with its related parties.

The Directors conducted review of the related party transactions of the Group during the year and were not aware any transaction requiring disclosure of connected transactions in accordance with the requirements of the GEM Listing Rules.

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

Save for the purchase of Shares by the trustee through on-market transactions at prevailing market price as stipulated under the Share Award Scheme (as defined above), neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE PRACTICE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 42 to 62 of this annual report.

股權掛鈎協議

除上文「購股權計劃」一節及綜合財務報表附註28所披露者外，本公司並無於截至2020年3月31日止年度訂立股權掛鈎協議。

主要客戶及供應商

截至2020年3月31日止年度，本集團向最大客戶的銷售額佔本集團銷售總收入的9.2%，及本集團五大客戶的銷售總額佔本集團銷售總收入的32.8%。

截至2020年3月31日止年度，本集團最大供應商的採購額佔本集團採購總額的10.1%，及本集團五大供應商的採購總額佔本集團採購總額的29.5%。

就董事所深知，概無董事或彼等緊密聯繫人或就董事所知擁有本公司已發行股份5%以上之股東於本集團任何五大客戶或供應商中擁有任何實益權益。

關聯人士及關聯交易

於本年度內，除綜合財務報表附註26所披露者外，本集團與關聯方並無任何交易。

董事已對本集團於年內之關聯方交易進行審閱，且並不知悉任何根據GEM上市規則規定須作關連交易披露的交易。

購買、出售或贖回本公司上市證券

除受託人透過根據股份獎勵計劃（定義見上文）所訂明之現行市價而進行的場內交易購買股份外，於年內，本公司或其任何附屬公司並無購買、出售或贖回任何本公司的上市證券。

企業管治常規

本公司的企業管治常規之詳情載於本年報第42至第62頁的企業管治報告。

DIRECTORS' REPORT

董事會報告

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float (i.e. at least 25% of the issued shares were held by the public) as required by Rule 17.38A of the GEM Listing Rules during the year and as at the latest practicable date prior to the issue of the annual report.

INTEREST IN COMPETING BUSINESS

None of the Directors and Controlling Shareholders or any of their respective close associates (as defined in the GEM Listing Rules) are engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such person has or may have with the Group during the year.

DEED OF NON-COMPETITION

On 8 December 2017, Mr. Wong Sai Chuen and Madison Square International Investment Limited (collectively referred to as the “Covenantors”), and the Company (for itself and as trustee for each of its subsidiaries) entered into a deed of non-competition (the “Non-competition Deed”), pursuant to which each of the Covenantors has irrevocably, jointly and severally given certain non-competition undertakings to the Company. Details of the Non-competition Deed are set out in the section headed “Relationship with Controlling Shareholders – Deed of Non-competition” in the Prospectus.

The Covenantors confirmed that they have complied with the Non-competition Deed for the year ended 31 March 2020. The independent non-executive Directors have conducted such review for the year ended 31 March 2020 and also reviewed the relevant undertakings and are satisfied that the Non-competition Deed has been fully complied.

CONFIRMATION OF INDEPENDENCE

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

足夠公眾持股量

根據本公司可供公眾查閱之資料及就董事所知，本公司於年內及在本年報發佈日期之最後可行日期前已維持GEM上市規則第17.38A條所規定的足夠公眾持股量（即公眾至少持有25%的已發行股份）。

於競爭業務中的權益

於本年度內，概無董事及控股股東或任何彼等各自之緊密聯繫人（定義見GEM上市規則）從事與本集團業務直接或間接構成競爭或與本集團有任何其他利益衝突的任何業務，亦不知悉任何該等人士與可能或與本集團具有任何其他利益衝突。

非競爭契約

於2017年12月8日，王世存先生及世曼有限公司（統稱為「契約人」）與本公司（為其自身及作為其各附屬公司的受託人）訂立一份非競爭契約（「非競爭契約」），據此，各契約人共同及個別地向本公司承諾若干不可撤回的非競爭協議。非競爭契約的詳情載於招股書的「與控股股東的關係－非競爭契約」一節。

契約人確認彼等於截至2020年3月31日止年度已遵守非競爭契約。獨立非執行董事已於截至2020年3月31日止年度進行有關檢討，亦已檢討相關承諾並信納非競爭契約已獲全面遵守。

確認獨立性

本公司已接獲各獨立非執行董事根據GEM上市規則第5.09條所規定的就其獨立性作出的年度確認書。本公司認為，所有獨立非執行董事均屬獨立人士。

DIRECTORS' REPORT

董事會報告

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

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

The Company has adopted a Share Option Scheme as an incentive to Directors and eligible employees, details of the scheme is set out in note 28 to the consolidated financial statements.

INTEREST OF COMPLIANCE ADVISER

With effect from 1 May 2019, the Company and TC Capital International Limited ("**TC Capital**") have mutually agreed to terminate the compliance adviser agreement entered into between the Company and TC Capital dated 6 July 2017 (the "**TC Capital Agreement**"). The Company has appointed Messis Capital Limited ("**Messis Capital**") as the new compliance adviser of the Company and signed a compliance adviser agreement with Messis Capital (the "**Messis Capital Agreement**") with effect from 1 May 2019.

As notified by TC Capital and Messis Capital respectively, save for the TC Capital Agreement and Messis Capital Agreement, neither TC Capital nor Messis Capital, as the compliance adviser of the Company during the respective periods, nor any of their directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of the Company or any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 March 2020.

薪酬政策

本集團僱員的薪酬政策由薪酬委員會基於其表現、資歷及能力而訂立。

董事的薪酬由薪酬委員會經考慮本公司的經營業績、個人表現及可比較市場數據而釐定。

本公司已採納購股權計劃以獎勵董事及合資格僱員，計劃詳情載於綜合財務報表附註28。

合規顧問的權益

本公司與天財資本國際有限公司（「**天財資本**」）雙方同意終止由本公司與天財資本於2017年7月6日所訂立的合規顧問協議（「**天財資本協議**」），自2019年5月1日起生效。本公司已委任大有融資有限公司（「**大有融資**」）為本公司之新合規顧問，並與大有融資簽訂了合規顧問協議（「**大有融資協議**」），自2019年5月1日起生效。

誠如天財資本及大有融資分別告知，除天財資本協議及大有融資協議外，於2020年3月31日，天財資本、大有融資（作為本公司於各期間之合規顧問）、其任何董事、僱員或緊密聯繫人（定義見GEM上市規則）概無於本集團或本公司或本集團任何成員公司的股本中擁有任何根據GEM上市規則第6A.32條須知會本公司之權益。

DIRECTORS' REPORT

董事會報告

AUDIT COMMITTEE

The Company has established an audit committee of the Company (the "Audit Committee") with written terms of reference which are no less exacting terms than those set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules (the "CG Code"). Currently, the Audit Committee comprises three independent non-executive Directors namely Mr. Cheung Chi Man, Dennis, Mr. Chan Chi Kwong, Dickson and Mr. Pang Chung Fai, Benny, and chaired by Mr. Cheung Chi Man, Dennis, who has appropriate professional qualifications and experience as required by the GEM Listing Rules.

The Audit Committee has reviewed with the management of the Company, the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 March 2020, which is of the opinion that such information have been prepared in accordance with all applicable accounting standards, the requirements under the Companies Ordinance and the GEM Listing Rules.

AUDITOR

The consolidated financial statements for the year ended 31 March 2020 have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. There is no change in auditors since the date of the listing of the Company.

PUBLICATION OF 2020 ANNUAL REPORT

The 2020 annual report of the Company containing all the information required by the GEM Listing Rules will be dispatched to Shareholders and will also be published on the websites of HKEXnews (www.hkexnews.hk) as well as the website of the Company (www.sclhk.com).

On behalf of the Board
Sanbase Corporation Limited
Wong Sai Chuen
*Chairman, Chief Executive Officer and
Executive Director*

Hong Kong, 18 June 2020

審核委員會

本公司已設立審核委員會（「審核委員會」），並已制定其書面職權範圍，職權範圍不比GEM上市規則附錄十五中之《企業管治守則》及《企業管治報告》（「企業管治守則」）所載者寬鬆。目前，審核委員會包括三名獨立非執行董事，即張志文先生、陳智光先生及彭中輝先生，並由張志文先生擔任主席，彼具備GEM上市規則規定的合適專業資格及經驗。

審核委員會已連同本公司管理層審閱本集團所採納之會計原則及慣例以及截至2020年3月31日止年度的綜合財務報表，並認為該等資料乃根據所有適用之會計準則、公司條例及GEM上市規則規定編製。

核數師

截至2020年3月31日止年度的綜合財務報表已由羅兵咸永道會計師事務所審核，其將於應屆股東週年大會上退任並符合資格並願意接受續聘。自本公司上市之日起概無更換核數師。

刊發2020年年報

本公司2020年年報載有GEM上市規則所規定的全部資料，將寄發予股東，亦將刊載於披露易網站（www.hkexnews.hk）及本公司網站（www.sclhk.com）。

代表董事會
莊皇集團公司
王世存
主席、行政總裁兼執行董事

香港，2020年6月18日

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Company is committed to adopting a high standard of corporate governance practices and procedures throughout the Group. The Directors firmly believe that sound and reasonable corporate governance practices are essential for the steady growth of the Group and for safeguarding the interests of Shareholders.

The Company has complied throughout the year ended 31 March 2020 with all the code provisions in the CG Code as set out in Appendix 15 of the GEM Listing Rules, except the following deviation:

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wong, holds both positions. Mr. Wong has been primarily responsible for overseeing the Group's management and business development and formulating business strategies and policies of the Group since 2009. As the Board meets regularly to consider matters relating to business operations of the Group, the Board is of the view that the above arrangement will not impair the balance of power and authority of the Board and the executive management. The effectiveness of corporate planning and implementation of corporate strategies and decisions will generally not be undermined.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by Directors on terms equivalent to the Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code"). Having made specific enquiry, all Directors have confirmed that they have fully complied with the required standards set out in the Model Code throughout the year ended 31 March 2020.

企業管治常規

本公司致力於在整個集團採納高水準的企業管治常規及程序。董事深信完善及合理的企業管治常規對於本集團的穩健增長及保障股東權益至關重要。

除以下偏離外，本公司於截至2020年3月31日止年度整個期間內已遵守GEM上市規則附錄十五中之企業管治守則的全部守則條文：

根據企業管治守則守則條文A.2.1，主席及最高行政人員的角色應有所區分，且不應由同一人同時兼任。王先生兼任該兩個職位。自2009年起，王先生一直主要負責監督本集團管理及業務發展，並制定本集團業務策略及政策。由於董事會定期舉行會議討論有關本集團業務營運的事項，故董事會認為上述安排將不會削弱董事會與執行管理層之間之權責平衡。公司的規劃、公司策略的執行及決策的效率大致上將不會受到影響。

董事進行證券交易的標準守則

本公司已採納條款相等於GEM上市規則第5.48至5.67條的董事進行證券交易的行為守則（「標準守則」）。於作出具體查詢後，全體董事均已確認彼等於截至2020年3月31日止年度整個期間內遵守標準守則所載的標準規定。

BOARD OF DIRECTORS

Responsibilities and delegation

The overall management of the Group's business is vested in the Board, which assumes responsibility for leadership and control of the Company and oversees the Group's business, strategic decision and performance. The Board is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All Directors should carry out their fiduciary duties in good faith, make decisions objectively in the interests of the Company as a whole.

The Board reserves for its decisions all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

All Directors have timely access to all relevant information as well as the advice and services of the senior management and the company secretary of the Company (the "**Company Secretary**"), with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any Director may request for independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The senior management is delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the senior management. The Board has the full support of the senior management to discharge its responsibilities.

董事會

職責及授權

本集團業務由董事會負責整體管理，董事會負責領導及監控本公司及本集團業務、戰略決策及表現。董事會透過指導及監督本公司事務，對促進本公司之成功共同負責。全體董事皆以本公司的整體利益為依歸，以真誠履行其受信職責、客觀地作出決策。

董事會保留其在本公司所有重大事宜的決策權，包括批准及監察所有政策事務、整體策略及預算、風險管理及內部監控系統、重大交易（尤其是可能牽涉利益衝突的交易）、財務資料、董事的委任及其他重大財務及經營事宜。

全體董事均可及時獲取一切有關資料，以及高級管理層和本公司公司秘書（「**公司秘書**」）的意見及服務，確保符合董事會程序及一切適用法律及法規。在向董事會提出合理要求後，任何董事均可於適合情況下徵詢獨立專家意見，費用由本公司承擔。

董事會已就本集團的日常管理及營運，委以高級管理層權力及職責。已委派執行的職務及工作會作定期檢討。高級管理層於訂立任何重大交易前，須事先獲董事會批准。高級管理層全力支持董事會履行其職責。

BOARD OF DIRECTORS *(Continued)*

Board composition

The Board is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing Shareholders value. The Board comprises four executive Directors and three independent non-executive Directors currently. The members of the Board during the year and up to the date of this annual report are as follows:

Executive Directors

Wong Sai Chuen *(Chairman and Chief Executive Officer)*

Wong Kin Kei *(Chief Operating Officer)*

Hui Man Yee, Maggie

Sung Tak Wing, Leo *(appointed on 11 March 2020)*

Non-executive Directors

Cheung Ting Pong *(resigned on 22 October 2019)*

Independent Non-executive Directors

Cheung Chi Man, Dennis *(appointed on 21 January 2020)*

Chan Chi Kwong, Dickson *(appointed on 21 January 2020)*

Pang Chung Fai, Benny

Fan Chun Wah, Andrew, *J.P.* *(resigned on 1 January 2020)*

Wu Kam On, Keith *(resigned on 2 February 2020)*

During the year ended 31 March 2020, the Board has met the requirements of the GEM Listing Rules 5.05 and 5.05A of having a minimum of three independent non-executive Directors with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise and must appoint independent non-executive Directors representing at least one-third of the Board except for the period from 1 January 2020 (following the resignation of Mr. Fan Chun Wah, Andrew, *J.P.*) to 20 January 2020. Following the appointment of Mr. Cheung Chi Man, Dennis and Mr. Chan Chi Kwong, Dickson as independent non-executive Directors with effect from 21 January 2020, the Company has complied with the relevant requirements under the GEM Listing Rules.

董事會 *(續)*

董事會的組成

董事會共同負責監督本集團業務及事務的管理以提高股東價值。目前，董事會由四名執行董事及三名獨立非執行董事組成。於年內及截至本年報日期，董事會由下列成員組成：

執行董事

王世存 *(主席兼行政總裁)*

黃健基 *(營運總監)*

許曼怡

宋得榮 *(於2020年3月11日獲委任)*

非執行董事

張靈邦 *(於2019年10月22日辭任)*

獨立非執行董事

張志文 *(於2020年1月21日獲委任)*

陳智光 *(於2020年1月21日獲委任)*

彭中輝

范駿華，*太平紳士* *(於2020年1月1日辭任)*

鄔錦安 *(於2020年2月2日辭任)*

於截至2020年3月31日止年度內，董事會一直遵守GEM上市規則第5.05條及5.05A條委任不少於三名獨立非執行董事的規定，而至少其中一名獨立非執行董事乃具備合適專業資格或會計或相關財務管理專業知識且所委任的獨立非執行董事須佔董事會至少三分之一，惟自2020年1月1日起（繼范駿華先生，*太平紳士*辭任後）至2020年1月20日止期間除外。繼自2020年1月21日起委任張志文先生及陳智光先生為獨立非執行董事後，本公司已遵守相關GEM上市規則。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD OF DIRECTORS *(Continued)*

The members of the Board have skills and experience appropriate for the business requirements and objectives of the Group. Each executive Director is responsible for different businesses and functional divisions of the Group in accordance with his/her expertise. The non-executive Director scrutinizes the performance of management in achieving agreed corporate goals and objectives and monitor the Group's performance reporting. The independent non-executive Directors bring different businesses and financial expertise, experiences and independent judgement to the Board and they constitute the majority of each of the Board committees of the Company. Through participation in Board meetings and taking the lead in managing issues involving potential conflicts of interests, the independent non-executive Directors have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the Shareholders.

The Company has received an annual confirmation of independence in writing from each of independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rule and considers them to be independent with reference to the independence guidelines set out in the GEM Listing Rules.

To the best knowledge of the Directors, except for Mr. Wong and Ms. Hui, the Directors have no relationship (including financial, business, family or other material relationship) between any members of the Board. Biographies of Directors are set out on pages 20 to 23 of this annual report.

董事會 (續)

董事會成員具備本集團業務所需及目標而適用的技巧與經驗。各執行董事根據其專業知識負責本集團的不同業務及職能部門。非執行董事就達至公司目標方面仔細審查管理層的表現，並監督本集團的業績呈報。獨立非執行董事為董事會提供不同的業務及財務專業知識、經驗及獨立判斷以及彼等構成本公司董事會轄下各委員會的大多數成員。透過參與董事會會議及在管理涉及潛在利益衝突事宜上擔當領導工作，獨立非執行董事已對本公司訂立有效方針作出貢獻，並給予充份的制衡作用，以保障本集團及股東的利益。

本公司已收到各獨立非執行董事根據GEM上市規則第5.09條的規定就其獨立性所發出的年度書面確認書並認為，按照GEM上市規則有關獨立性的指引，彼等均為獨立人士。

就董事所深知，除王先生及許女士外，董事與董事會任何成員概無任何關係（包括財務、業務、家族或其他重大關係）。董事履歷載於本年報第20至23頁。

BOARD OF DIRECTORS *(Continued)*

Appointment and re-election of Directors

All Directors are appointed for a specific term, subject to renewal upon expiry of the existing term. The Company has entered into a director's service agreement with to each of the executive Directors, namely Mr. Wong, Mr. Wong Kin Kei and Ms. Hui, for a term of three years from 4 January 2018. The Company also entered into a director's service agreement with Dr. Sung Tak Wing, Leo, an executive Director, with an initial term of one year commencing from 11 March 2020.

The Company has issued a letter of appointment to Mr. Pang Chung Fai, Benny, an independent non-executive Director, with a term of three years from 4 January 2018. The Company also issued letter of appointment to each of the independent non-executive Directors, namely Mr. Cheung Chi Man, Dennis and Mr. Chan Chi Kwong, Dickson, with an initial term of one year commencing from 21 January 2020.

Pursuant to the Articles of Association, one-third of the Directors for the time being (if their number is not three or a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting of the Company provided that every Director shall be subject to retirement by rotation at least once every three years. Any new Director appointed by the Board to fill a casual vacancy shall hold office only until the first annual general meeting of the Company after his/her appointment, whereas any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company. The Directors should be eligible for re-election at the relevant annual general meeting of the Company.

董事會 (續)

委任及重選董事

所有董事均有特定任期，須於現有任期屆滿後續約。本公司已與各執行董事（即王先生、黃健基先生及許女士）訂立董事服務協議，自2018年1月4日起計為期3年。本公司亦已與執行董事宋得榮博士訂立董事服務協議，初始任期自2020年3月11日起計為期一年。

本公司已向獨立非執行董事彭中輝先生發出委任函，任期由2018年1月4日起計為期3年。本公司亦已向各獨立非執行董事（即張志文先生及陳智光先生）發出委任函，初始任期由2020年1月21日起計為期1年。

根據組織章程細則，在本公司每屆股東週年大會上，當時三分之一董事（或若其人數並非三之倍數，則須為最接近但不少於三分之一人數）將輪值告退，惟每位董事須至少每三年輪值退任一次。任何獲董事會委任填補臨時空缺的新董事任期僅至其獲委任後首次股東大會為止，而任何獲董事會委任為董事會新增成員的董事任期至本公司下屆股東週年大會為止。董事符合資格於本公司有關股東大會上膺選連任。

BOARD OF DIRECTORS (Continued)

Board meetings and attendance

The Company Secretary shall assist the Chairman and the executive Directors in establishing the meeting agenda, and each Director is able to request inclusion of items in the agenda. The Board conducts regularly scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require. The Board held 12 meetings during the financial year ended 31 March 2020 to consider, among other things, reviewing and approving the quarterly, interim, annual results and payments of dividends of the Group.

Under code provision A.1.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. During the year ended 31 March 2020, certain Board meetings were convened with less than 14 day's notice to enable the Board members to react timely and make expeditious decisions in respect of urgent corporate transaction and general business update which was significant in nature. As a result, such Board meetings were held with a shorter notice period than required with the consent of the Directors. The Board will do its best endeavor to meet the requirement of code provision A.1.3 of the CG Code in the future.

Adequate and appropriate information are circulated to the Directors normally three days in advance of Board meetings or such period accepted by them. Minutes of all Board and committee meetings are kept by the Company Secretary and are open for inspection by the Directors. Draft minutes of all Board and committee meetings are circulated to all Directors and committee members for comments within the period accepted by them after each meeting.

The Directors attend meetings in person or via telephone conference, as permitted under the Articles of Association.

董事會 (續)

董事會會議及出席率

公司秘書協助主席及執行董事編製會議議程，及各董事可要求於議程中加入項目。董事會須於每季舉行例會，並於有需要時召開特別會議。截至2020年3月31日止財政年度內，董事會已舉行12次會議，以考慮（其中包括）審閱及批准本集團之季度、中期、年度業績及派付股息。

根據企業管治守則之守則條文第A.1.3條，召開董事會定期會議應提前至少14天發出通知，以令所有董事皆有機會騰空出席。截至2020年3月31日止年度內，本公司召開若干董事會會議，通知期少於14天，以便董事會成員就性質重大的緊急公司交易和一般業務最新發展及時作出回應，並迅速決策。因此，該等董事會會議在董事同意情況下，以較規定期間為短的通知期舉行。日後董事會將盡力符合企業管治守則之守則條文第A.1.3條規定。

一般在董事會會議舉行前三天或董事接受的期間向彼等傳閱充足及適用資料。所有董事會及委員會會議記錄均由公司秘書保存，且可供董事查閱。所有董事會及委員會會議記錄草擬本，均於每次會議結束後，在全體董事及委員會成員接納期間內，寄發予彼等作評論。

董事可親身或根據組織章程細則所批准透過電話會議方式出席會議。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD OF DIRECTORS (Continued)

Board meetings and attendance (Continued)

The attendance record of each Director at Board meetings, committee meetings, the annual general meeting held on 10 September 2019 (the “2019 AGM”) for the year is set out below:

董事會 (續)

董事會會議及出席率 (續)

每位董事於年內出席董事會會議、董事會委員會會議及於2019年9月10日舉行的股東週年大會(「2019股東週年大會」)的出席記錄載列如下：

		Attendance/Number of Meetings 出席次數/會議次數				
		Board meetings 董事會 會議	Audit Committee meetings 審核委員會 會議	Remuneration Committee meetings 薪酬委員會 會議	Nomination Committee meetings 提名委員會 會議	2019 AGM 2019 股東週年大會
Total Number of Meetings	會議次數總數	12	4	3	3	1
Executive Directors	執行董事					
Wong Sai Chuen	王世存	12/12	N/A 不適用	N/A 不適用	1/1	1/1
Wong Kin Kei	黃健基	12/12	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Hui Man Yee, Maggie	許曼怡	12/12	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Sung Tak Wing, Leo	宋得榮	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用
Non-Executive Director	非執行董事					
Cheung Ting Pong	張霆邦	2/4	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Independent Non-Executive Directors	獨立非執行董事					
Cheung Chi Man Dennis	張志文	3/3	1/1	1/1	1/1	N/A 不適用
Chan Chi Kwong, Dickson	陳智光	3/3	1/1	1/1	1/1	N/A 不適用
Pang Chung Fai, Benny	彭中輝	12/12	4/4	3/3	3/3	1/1
Fan Chun Wah, Andrew	范駿華	7/7	3/3	1/1	1/1	1/1
Wu Kam On, Keith	鄔錦安	9/9	3/3	2/2	2/2	1/1

The Company Secretary attends the Board/Board committees meetings. All Directors have access to the Company Secretary who is responsible for ensuring that Board/Board committees procedures are observed and advising the Board/Board committees on compliance matters.

公司秘書出席所有董事會/董事會委員會會議。全體董事均可聯絡公司秘書。公司秘書負責確保董事會/董事會委員會之程序獲得遵守，並向董事會/董事會委員會就合規事宜作出建議。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD OF DIRECTORS (Continued)

Directors' training and continuous professional development

Directors' training is an ongoing process. During the year, Directors are provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuous professional development ("CPD") to develop and refresh their knowledge and skills to ensure that their contribution into the Board remains informed and relevant.

During the year, all Directors had participated in CPD to develop and refresh their knowledge and skills by read materials and/or attend training course, seminars or workshops organised by professional bodies on corporate governance or updated on laws, rules and regulations relating to the roles, functions and duties of a Director.

The individual record of each Director who received training for the year is summarised as follow:

董事會 (續)

董事之培訓及持續專業發展

董事培訓屬持續過程。年內，董事定期獲提供本公司表現、狀況及前景的更新資料，以便董事會整體及各董事可履行其職責。此外，本公司鼓勵所有董事參與持續專業發展（「持續專業發展」），以發展並更新其知識及技能，以確保彼等在具備全面資訊及切合所需之情況下對董事會作出貢獻。

年內，全體董事已參與持續專業發展，透過閱讀有關企業管治或有關董事角色、職能及職責的法律、規則及法規最新資訊的材料及／或參加由專業機構組織的培訓課程、研討會或討論會，以提高及更新彼等的知識及技能。

於本年度內接受培訓的各董事的個人記錄概述如下：

	Course/ Seminar/ Workshop organized by Professional Body 由專業機構 組織的課程/ 研討會/討論會	Reading materials 閱讀材料
Directors	董事	
Executive Directors	執行董事	
Wong Sai Chuen	王世存	✓
Wong Kin Kei	黃健基	✓
Hui Man Yee, Maggie	許曼怡	✓
Sung Tak Wing, Leo	宋得榮	✓
Non-executive Directors	非執行董事	
Cheung Ting Pong	張霆邦	✓
Independent Non-executive Directors	獨立非執行董事	
Cheung Chi Man, Dennis	張志文	✓
Chan Chi Kwong, Dickson	陳智光	✓
Pang Chung Fai, Benny	彭中輝	✓
Fan Chun Wah, Andrew	范駿華	✓
Wu Kam On, Keith	鄔錦安	✓

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD OF DIRECTORS (Continued)

Corporate governance functions

Pursuant to code provision D.3.1 of the CG Code, the Board is also responsible for performing the corporate governance duties during the year ended 31 March 2020 as set out below:

- developed and reviewed the Company's policies and practices on corporate governance;
- reviewed and monitored the training and continuous professional development of Directors and senior management;
- reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
- developed, reviewed and monitored the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- reviewed the Company's compliance with the CG Code and disclosure in the CG Report.

BOARD COMMITTEE

The Company has three Board committees, namely, the Audit Committee, nomination committee ("Nomination Committee") and Remuneration Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference which are available on the Stock Exchange's website and on the Company's website. All the Board committees should report to the Board on their decisions or recommendations made.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses. The respective role, responsibilities and activities of each Board committee are set out below:

Audit Committee

The Audit Committee was established with a specific written terms of reference in compliance with the CG Code. The committee currently comprised three independent non-executive Directors namely Mr. Cheung Chi Man, Dennis, Mr. Chan Chi Kwong, Dickson and Mr. Pang Chung Fai, Benny, and chaired by Mr. Cheung Chi Man, Dennis, who has appropriate professional qualifications and experience as required by Rules 5.05 and 5.28 of the GEM Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

董事會 (續)

企業管治職能

根據企業管治守則守則條文第D.3.1條，於截至2020年3月31日止年度內，董事會亦負責履行企業管治職責載列如下：

- 制定及審閱本公司之企業管治政策及常規；
- 審閱及監察董事及高級管理層之培訓及持續專業發展；
- 審閱及監察本公司遵守法定及監管規定方面之政策及慣例；
- 制定、審閱及監察適用於僱員及董事之行為守則及合規手冊（如有）；及
- 審閱本公司遵守企業管治守則之情況及於企業管治報告作出之披露。

董事會委員會

本公司有三個董事會委員會，即審核委員會、提名委員會（「提名委員會」）及薪酬委員會，以監督本公司事務之特定範疇。所有董事會委員會成立均訂有明確的書面職權範圍，此等資料可於聯交所網站及本公司網站查閱。所有董事會委員會應向董事會匯報彼等所作決定或建議。

所有董事會委員會均獲得充足資源以履行彼等的職責，並按合理要求而於適當情況下徵詢獨立專業意見，費用由本公司承擔。各董事會委員會之各自角色、職責及活動列載如下：

審核委員會

本公司已設立審核委員會，並已遵照企業管治守則訂立特定書面職權範圍。委員會現時由三名獨立非執行董事（即張志文先生、陳智光先生及彭中輝先生）組成，並由張志文先生擔任主席，彼擁有GEM上市規則第5.05及5.28條規定的合適專業資格及經驗。概無審核委員會成員為本公司現任外聘核數師的前任合夥人。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD COMMITTEE (Continued)

Audit Committee (Continued)

The main duties of the Audit Committee are reviewing the quarterly, half-yearly and annual results of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditor before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditor and making relevant recommendations to the Board; and reviewing the Company's financial reporting system and the effectiveness of the risk management and internal control systems.

By invitation of the Audit Committee, other Directors and senior management may also attend the meetings. The Company Secretary prepared full minutes of the Audit Committee meetings with details of discussions and decisions reached. Sufficient resources are made available to the committee when independent legal or professional advice is required. The Audit Committee members meet with the external auditor twice a year.

The following is a summary of the work of the Audit Committee during the year ended 31 March 2020:

- reviewed the audited consolidated financial statements and the annual results announcement of the Company for the year ended 31 March 2019;
- reviewed the interim unaudited consolidated financial statements and the interim results announcement of the Company for the 6 months ended 30 September 2019;
- reviewed the quarterly unaudited consolidated financial statements and quarterly results announcement of the Company for the 3 months ended 30 June 2019 and 9 months ended 31 December 2019 respectively;
- reviewed the remuneration and terms of engagement of the Company's external auditor;
- reviewed the Group's financial controls, internal control and risk management policies; and
- reviewed the Group's accounting principles and practices, compliance with the GEM Listing Rules and statutes, and financial reporting matter.

董事會委員會 (續)

審核委員會 (續)

審核委員會之主要職責為於提呈董事會前審閱本集團之季度、半年及全年業績及考慮本集團財務人員或外聘核數師提出之任何重大或不尋常項目；檢討與外聘核數師之關係及聘用條款，並向董事會提出有關建議；及審閱本公司財務報告系統、風險管理及內部監控系統的有效性。

在審核委員會邀請下，其他董事及高級管理層亦可出席會議。公司秘書編製審核委員會會議的詳盡會議紀錄，包括會議的討論及決議。倘需要獨立法律或專業意見，該委員會可獲得充足資源。審核委員會成員每年與外聘核數師會面兩次。

截至2020年3月31日止年度內，審核委員會之工作概述如下：

- 審閱本公司截至2019年3月31日止年度之經審核財務報表及年度業績公告；
- 審閱本公司截至2019年9月30日止6個月之中期未經審核綜合財務報表及中期業績公告；
- 審閱本公司分別截至2019年6月30日止3個月及截至2019年12月31日止9個月之季度未經審核綜合財務報表及季度業績公告；
- 審閱本公司外聘核數師之薪酬及委聘條款；
- 審閱本公司之財務控制、內部監控及風險管理政策；及
- 審閱本集團之會計原則及慣例，遵守GEM上市規則及法規及財務報告事宜。

BOARD COMMITTEE (Continued)

Nomination Committee

The Nomination Committee was established with a specific written terms of reference in compliance with the CG Code. The committee currently comprised one executive Director, Mr. Wong, and three independent non-executive Directors, namely Mr. Cheung Chi Man, Dennis, Mr. Chan Chi Kwong, Dickson and Mr. Pang Chung Fai, Benny, and chaired by Mr. Wong.

The primary duties of the Nomination Committee are to (i) review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes; (ii) identify qualified and suitable individuals to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships; (iii) assessing the independence of independent non-executive Directors; and (iv) make recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular the chairman and the chief executive officer.

Nomination policy

The Company has adopted a nomination policy for the Nomination Committee to consider and make recommendations to Shareholders for election as Directors at general meetings or appoint as Directors to fill casual vacancies.

Selection criteria

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as:

- the Company's needs;
- the diversity on the Board;
- the integrity, experience, skills and professional knowledge of the candidate; and
- the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities.

External recruitment professionals might be engaged to carry out selection process when necessary.

董事會委員會 (續)

提名委員會

本公司已設立提名委員會，並已遵照企業管治守則訂立特定書面職權範圍。委員會現時由一名執行董事王先生及三名獨立非執行董事即張志文先生、陳智光先生及彭中輝先生組成並由王先生擔任主席。

提名委員會之主要職責為(i)定期審閱董事會架構、人數及成員組成(包括技能、知識及經驗)，並就任何建議變動向董事會提出建議；(ii)物色合資格及合適之人士加盟董事會，並挑選或向董事會推薦提名加盟董事會之人士；(iii)評估獨立非執行董事的獨立性；及(iv)就委任或重新委任董事及董事繼任計劃(特別是主席及行政總裁)等相關事宜向董事會提出建議。

提名政策

本公司已為提名委員會採納提名政策，以考慮及推薦股東於股東大會上選舉董事或委任填補臨時空缺的董事。

甄選標準

於選擇本公司董事職務的候選人時，提名委員會可參考以下若干標準：

- 本公司需求；
- 董事會成員多元化；
- 候選人的誠信、經驗、技能及專業知識；及
- 候選人將為履行其職責及責任而付出的時間和精力。

必要時，可能委聘外部招聘專員進行甄選程序。

BOARD COMMITTEE (Continued)

Board diversity policy

During the year, the Board adopted a Board diversity policy setting out the approach to achieve diversity on the Board. The Company recognizes and embraces the benefits of diversity of Board members. It endeavors to ensure that the Board had a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board. The Company will also take into account factors based on its own business model and specific needs from time to time. Such policy will be reviewed from time to time to ensure the appropriateness in determining the optimum composition of the Board.

The following is a summary of the work of the Nomination Committee during the year ended 31 March 2020:

- reviewed the structure, size and diversity of the Board;
- identified individual suitably qualified to become Board members and made recommendation to the Board on their appointments;
- assessed the independence of the independent non-executive Directors; and
- reviewed the retirement of Directors by rotation and the re-appointment of retiring Directors at the 2019 AGM.

董事會委員會 (續)

董事會多元化政策

年內，董事會已採納董事會多元化政策，其中載有實現董事會多元化之方式。本公司明白並深信董事會成員多元化之裨益。其致力確保董事會於技能、經驗及多樣化觀點與角度方面具備符合本集團業務規定之平衡發展。董事會所有委任將用人唯才，並在考慮候選人時以客觀準則充分顧及董事會多元化的裨益。

甄選候選人將基於一系列多元化角度，包括但不限於性別、年齡、文化及教育背景、專業經驗、技能及知識。最終決定將按所選候選人的優點及其將為董事會帶來的貢獻而作出。本公司亦將考慮多種因素包括基於其自身業務模式及不時的特定需求。該政策將會不時檢討，以確保決定董事會最佳組成的適宜性。

截至2020年3月31日止年度內，提名委員會之工作概述如下：

- 審閱董事會架構、人數及成員多元化；
- 物色合適及合資格之人士成為董事會成員，並就其委任向董事會作出推薦意見；
- 評估獨立非執行董事的獨立性；及
- 審閱輪值退任之董事及於2019股東週年大會上重新委任退任董事。

BOARD COMMITTEE (Continued)

Remuneration Committee

The Remuneration Committee was established with a specific written terms of reference in compliance with the CG Code. The committee currently comprised three independent non-executive Directors, namely Mr. Cheung Chi Man, Dennis, Mr. Chan Chi Kwong, Dickson and Mr. Pang Chung Fai, Benny, and chaired by Mr. Chan Chi Kwong, Dickson.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure and on the remuneration packages of Directors and senior management pursuant to the code provision B.1.2(c)(ii) of the CG Code. Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration, which remuneration will be determined by the Board with reference to the performance of the individual and the Company as well as the prevailing market conditions.

The following is a summary of the work of the Remuneration Committee during the year ended 31 March 2020:

- Reviewed the Group's policy and structure for the remuneration of Directors and senior management;
- Reviewed and recommended to the Board the remuneration packages of Directors and senior management; and
- Ensured that no director or any of his/her associates are involved in deciding his/her own remuneration.

董事會委員會 (續)

薪酬委員會

本公司已設立薪酬委員會，並已遵照企業管治守則訂立特定書面職權範圍。委員會現時由三名獨立非執行董事即張志文先生、陳智光先生及彭中輝先生組成並由陳智光先生擔任主席。

薪酬委員會的主要職責包括根據企業管治守則的守則條文第B.1.2(c)(ii)條向董事會就本公司的薪酬政策及架構以及董事及高級管理層的薪酬待遇提出建議。薪酬委員會亦負責就該等薪酬政策及結構制定具透明度之程序，以確保並無董事或其任何聯繫人士參與釐定其自身薪酬，而薪酬將由董事會參考個人及本公司表現以及當前市場環境後釐定。

於截至2020年3月31日止年度內，薪酬委員會之工作概述如下：

- 審閱本集團有關董事及高級管理層薪酬之政策及架構；
- 審閱及向董事會建議董事及高級管理層之薪酬待遇；及
- 確保並無董事或其任何聯繫人士參與決定其自身薪酬之事宜。

CORPORATE GOVERNANCE REPORT

企業管治報告

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors' remuneration for the year ended 31 March 2020 and 2019 are set out in note 31(a) to the consolidated financial statements.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) for the year ended 31 March 2020 by band is set out below:

Remuneration band (in HKD) 薪酬範圍 (港元)

1,500,001 to 2,000,000 1,500,001至2,000,000

Share interest of senior management

As at 31 March 2020, none of the senior management had any interests in the shares of the Company.

Auditor's remuneration

The external audit provides an objective assessment of the financial information presented by the management, and is considered one of the essential elements to ensure effective corporate governance. During the year, the fees charged by PricewaterhouseCoopers for audit and non-audit services of HKD1,250,000 and HKD345,000 respectively. The non-audit services mainly represent of taxation services.

The Audit Committee is satisfied with, inter alia, the audit fees, effectiveness of the audit process, independence and objectivity of PricewaterhouseCoopers and has recommended to the Board the re-appointment of PricewaterhouseCoopers as the Company's external auditor for the ensuing year at the forthcoming AGM.

董事及高級管理層薪酬

截至2020年及2019年3月31日止年度的董事薪酬載於綜合財務報表附註31(a)。

根據企業管治守則守則條文第B.1.5條，截至2020年3月31日止年度的高級管理層成員（董事除外）之薪酬範圍載列如下：

Number of individual 人數

1

高級管理層的股份權益

於2020年3月31日，概無任何高級管理層於本公司股份中擁有任何權益。

核數師薪酬

外聘核數師對管理層所呈列之財務資料提供客觀評核，並視為確保有效企業管治之重要元素之一。年內，羅兵咸永道會計師事務所就審計及非審計服務所收取之費用分別為1,250,000港元及345,000港元。非審計服務主要包括稅項服務。

審計委員會對（其中包括）審核費用、審核過程之效能，以及羅兵咸永道會計師事務所之獨立性及客觀性表示滿意，並建議董事會於本公司應屆股東週年大會上，續聘羅兵咸永道會計師事務所為本公司來年之外聘核數師。

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for maintaining an integrated and effective risk management and internal control systems of the Group, which includes the establishment of a defined management structure with specified limits of authority. The internal control system is designed to assist in the achievement of business objectives of the Group, safeguarding assets against unauthorised use or disposition, ensuring the proper maintenance of accounting records for the provision of reliable financial information for internal use or for publication and ensuring compliance with relevant legislation and regulation. The internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives. The internal control system (embedded in the operations of the Company and forms part of the Company's culture) includes:

- effectiveness and efficiency of operations;
- capability in responding quickly to evolving risks to the business arising from factors within the Company and to the change in business environment; and include procedures for reporting immediately to appropriate management levels regarding any significant control weakness that are identified together with details of corrective action being undertaken;
- reliability of financial reporting; and
- compliance with applicable rules, laws and regulations.

The key procedures that the Board established to provide effective internal controls are as follows:

風險管理及內部監控

董事會全權負責維持本集團健全及有效的風險管理及內部監控系統，包括制定管理層架構及其相關之權限。內部監控系統旨在協助達成本集團業務目標、保護資產以防未經授權之使用或處理、以確保會計紀錄得以妥善保存，以便提供可靠的財務資料供內部使用或對外發放，並確保遵守相關法例與規則。內部控制系統旨在提供合理但並非絕對的保證，以防止重大錯誤陳述或損失以及管理並非消除營運系統故障的風險以實現本集團之目標。內部監控系統已嵌入本公司營運和成為其文化之一，包括：

- 營運的效益及效率；
- 能對由本公司內在因素所產生的業務風險及對營商環境的改變迅速作出反應，並包括向合適的管理層即時匯報經確認的任何重大監控弱點，及應採取的糾正行動的程序；
- 財務報告的可靠性；及
- 遵守適用的法律和法規。

董事會為有效的內部監控已設立的主要程序如下：

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Organizational Structure

An appropriate organizational structure is in place with defined operating policies and procedures as well as responsibility and lines of authority.

Authority and Control

The executive Directors and senior management are delegated with respective levels of authorities to carry out the corporate strategies and policies and related matters formulated by the Board.

Payment Procedures

Relevant procedures have been established to assess, review and approve for payment in respect of the capital and recurring expenditures.

Financial reporting

The Board acknowledges its responsibility for preparing the consolidated financial statements of the Group which give a true and fair view of the state of affairs of the Group on a going concern basis, with reasonable and prudent judgement and estimates as necessary. In preparing the accounts for the three months ended 30 June 2019, six months ended 30 September 2019, nine months ended 31 December 2019 and the year ended 31 March 2020, the Directors have selected suitable accounting policies and applied them consistently.

The statement of the auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report.

Risk Management

The Board together with senior management responsible for monitoring and assessing risk regularly, boost related management standards and evaluate investment projects.

風險管理及內部監控 (續)

組織結構

本集團設有適當的組織結構和明確的營運政策和程序以及責任和授權。

授權和監控

授予執行董事和高級管理層適當的權力以執行企業政策及策略和董事會制定的相關事項。

付款程序

已設有相關程序以評估、檢討及批准有關資本及經常性支出之付款。

財務報告

董事會知悉其責任乃按持續經營基準編製真實而公平地反映本集團財政狀況之本集團綜合財務報表，並於必要時輔以合理及審慎的判斷和估算。於編製截至2019年6月30日止三個月、截至2019年9月30日止六個月、截至2019年12月31日止九個月及截至2020年3月31日止年度之賬目時，董事已選擇適當之會計政策及貫徹應用。

本公司核數師就彼等對本集團綜合財務報表之匯報責任所作出之聲明載於獨立核數師報告內。

風險管理

董事會連同高級管理層負責監督及定時評估風險、提高相關管理標準及評估投資項目。

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Internal Audit

No internal audit team has been set up during the year since the Group's size and its structure is small and simple and the Board is of the opinion that it is more cost effective to appoint an external independent service provider to carry out internal audit function for the Group if necessary. However, the Board will continue to review the need for an internal audit function at least annually.

Internal Control Review

During the year, the Company has engaged an external service provider to carried out an annual review on the internal control system including financial, operational and compliance control, and risk management functions. The review adopts a risk-based approach to create and review the effectiveness of an internal control system and includes the following works:

- (i) to carry out a high level review on the internal control system on new business/member of the Group under the principles which cover major control aspects; and
- (ii) to arrange site visit and perform focused walk through test on the internal control system of members of the Group on a selective basis.

The Company has adopted a set of internal control policies and procedures to safeguard the Group's assets, to ensure proper maintenance of accounting records and reliability of financial information, and to ensure compliance with relevant laws and regulations.

The Directors and senior management of the Company based on the available information (normally from the news and periodicals) about local and market's dynamic movements and their understanding of the risk assessment is enhanced through the on-the-job training and regular meetings to discuss cases of the potential risk.

風險管理及內部監控 (續)

內部審核

由於本集團規模及架構較小及簡單且董事會認為於必要時委聘外部獨立服務供應商執行本集團內部審核功能更具成本效益，故於年內並無設立內部審核團隊。然而，董事會將繼續至少每年檢討設立內部審核部門的需要。

內部監控評估

年內，本公司已聘請一名外部服務供應商對內部監控系統（包括財務、營運及合規監控及風險管理功能）進行年度評估。評估採用風險導向方式塑造及檢討內部監控系統成效，包括下列工作：

- (i) 根據涵蓋主要監控範疇之原則，對本集團新業務／成員公司的內部監控系統進行高層次檢查；及
- (ii) 隨機到訪本集團之成員公司的內部監控系統進行專項穿行測試。

本公司已採納一套內部監控政策及程序，以保障本集團資產，以確保會計記錄妥善保存及財務資料的可靠性，以及確保遵守相關法律及法規。

本公司的董事及高級管理層基於有關本地及市場動態的可查閱資料（通常來自新聞及期刊）了解風險評估，並透過在職培訓及定期舉行會議討論有關潛在風險的案例得以加強有關了解。

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Internal Control Review *(Continued)*

Identification, assessment and management:

- the head of each department such as the Finance Department and the Board will be informed regarding the factors that have impact on the profit and price based on the nature of business and their own experience. During the course of execution, the concerned responsible person of the Company will handle relevant documents and report to the Directors.
- as for matters as required to be disclosed under the GEM Listing Rules, the Company Secretary will present the issues to the Board for review and discussion, and inform Directors and relevant personnel that dealing in the shares of the Company is prohibited.

Review prior to the transactions:

- generally, the Company Secretary will check with the requirements as prescribed in Chapter 19 and Chapter 20 of the GEM Listing Rules before execution of the proposed transactions (including continuing connected transactions), to assess whether the proposed transaction will trigger the disclosures requirements either in announcements, circulars and annual reports, and the need to obtain Shareholders' approval.

During the year, the external service provider, engaged by the Company, has presented its review report and make recommendations to the Audit Committee and the Audit Committee has discussed with the management and reported the progress of the work plan and related findings to the Board at board meeting.

風險管理及內部監控 (續)

內部監控評估 (續)

辨認、評估及管理：

- 各部門主管（包括財務部及董事會）將獲知悉根據業務性質及自身經驗，針對那些對溢利及價格有影響的因素。於執行過程中，本公司相關負責人會處理相關文件，並向董事匯報情況。
- 對於按GEM上市規則需要披露的事項，公司秘書將問題提呈董事會審閱及討論，並通知董事及有關人員禁止買賣本公司股份。

截至交易前的檢查：

- 一般而言，公司秘書於執行建議交易前（包括持續關連交易）根據GEM上市規則第19章及第20章所規定之要求檢查有關交易以評估建議交易是否將觸發公告、通函或年報之披露規定，及獲得股東批准之需要。

年內，本公司聘請的外部服務供應商已向審核委員會提交其評估報告及建議，審核委員會已與管理層討論，並在董事會會議上向董事會提交其工作計劃進展及相關發現。

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Internal Control System and Corporate Governance enhancement

In compliance with the requirements of the GEM Listing Rules and for the purpose of reinforcing the Group's internal control system, the Company has established a strong internal control framework, put in place a set of stringent policies and code of conduct to emphasize values on integrity, fairness, transparency and accountability so as to stand against corruption and fraud. During the year, the external service provider, engaged by the Company, has presented its internal control report to the Audit Committee, who is responsible for reviewing the relevant policy and system so as to achieve in develop effective control activities and then to mitigate the risks.

The Directors has strengthened corporate governance practices, including formalization of the reporting practice throughout the Group in monitoring the operation and business developments of the Company so as to capture potentially price-sensitive information on an on-going basis, monitoring the continuing disclosure obligation.

As a result of the above review, the Board confirms, and management has also confirmed to the Board, that the Group's risk management and internal control systems are effective and adequate (including the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions are adequate) and have complied with the CG Code provisions on risk management and internal control throughout the year and up to the date of this annual report.

COMPANY SECRETARY

The Company Secretary assists the Board by ensuring good information flow within the Board and the Board policy and procedures are followed. The Company Secretary is also responsible for advising the Board on governance matters. Ms. Choi Yin Ying, acting as Company Secretary for the period from 11 October 2019 to 31 May 2020, has undertaken not less than 15 hours of relevant professional training to update her skills and knowledge during the year pursuant to Rule 5.15.

風險管理及內部監控 (續)

加強內部監控系統及企業管治

為符合 GEM 上市規則要求及進一步完善本集團的內部監控系統，本公司已設立一套健全的內部監控架構、嚴謹的政策及操守守則以強調誠信、公平、透明及問責的價值，以防止貪污和欺詐。年內，本公司聘請的外部服務供應商已向審核委員會（負責檢討有關政策及系統）呈報其內部監控報告以達致發展有效監控活動進而減低風險。

董事已進一步加強企業管治常規，包括監控本公司營運及業務發展而在本集團內建立匯報實施制度，以便持續記錄潛在股價敏感資料，及監察持續披露責任。

根據上述檢討的結果，董事會確認，及管理層亦向董事會確認，本集團之風險管理及內部監控系統均有效及充足（包括本公司在會計及財務報告功能方面的資源、員工資歷及經驗，以及員工所接受的培訓課程及有關預算是足夠的），並於本年度內及截至本年報日期已遵守企業管治守則守則條文的風險管理及內部監控制度之規定。

公司秘書

公司秘書協助董事會以確保董事會之間有效交流資訊及遵照董事會政策及程序。公司秘書亦負責就管治事宜向董事會提出建議。於2019年10月11日至2020年5月31日期間出任公司秘書的蔡燕瑛女士已根據第5.15條於年內接受不少於15小時之相關專業培訓，以更新其技能及知識。

SHAREHOLDERS' RIGHT

Set out below is a summary of certain rights of the Shareholders as required to be disclosed pursuant to the mandatory disclosure requirement under paragraph O of the CG Code.

Convening of extraordinary general meeting on requisition by Shareholders

Pursuant to Article of 64 of the Articles of the Association, it is stipulated that:

Extraordinary general meetings shall also be convened on the written requisition of any one or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of paid up capital of the Company which carries the right of voting at general meetings of the Company. The extraordinary general meeting shall be held within two months after the deposit of such requisition. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionist(s) themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for putting forward proposals at Shareholders' meeting

To put forward proposals at a general meeting of the Company, a shareholder should lodge a written notice of his/her proposal ("Proposal") with his/her detailed contact information at the Company's principal place of business. The request will be verified with the Company's branch share registrars and transfer office in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the Proposal in the agenda for the general meeting.

股東權利

下文為根據企業管治守則第O段之強制性披露規定而須予披露股東若干權利之概要。

應股東之要求召開股東特別大會

根據組織章程細則第64條規定：

股東特別大會亦可應本公司任何一名或多名股東的書面要求召開，惟彼等須將列明大會議題及經請求人簽署的書面要求送交本公司於香港的總辦事處或（如本公司不再有該總辦事處）註冊辦事處，但該等請求人於送交要求之日須持有本公司附帶本公司股東大會投票權不少於十分之一之繳足股本。股東特別大會須於送交該要求後兩個月內召開。如董事會並未於正式送交要求之日起計21日內召開大會，則請求人本人可按相同方式召開股東大會，而所有因董事會未有召開大會致使請求人產生的合理開支，須由本公司向請求人償還。

於股東大會上提呈建議之程序

為於本公司股東大會上提呈建議，股東須以書面提交其建議（「建議」），連同其詳細聯絡資料，送至本公司之主要營業地點。本公司會向本公司於香港之股份過戶及轉讓登記分處核實該要求，於獲得股份過戶及轉讓登記分處確認該要求為恰當及適當後，將要求董事會在股東大會的議程內加入建議。

SHAREHOLDERS' RIGHT *(Continued)*

Procedures for putting forward proposals at Shareholders' meeting *(Continued)*

The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

- a. Notice in writing of not less than 21 clear days and not less than 20 clear business days if the Proposal requires approval by way of a special resolution or an ordinary resolution of the Company in the AGM of the Company.
- b. Notice in writing of not less than 21 clear days and not less than 10 clear business days if the Proposal requires approval by way of a special resolution of the Company in an extraordinary general meeting of the Company.
- c. Notice in writing of not less than 14 clear days and not less than 10 clear business days if the Proposal requires approval by way of an ordinary resolution of the Company in an extraordinary general meeting of the Company.

Procedures for directing Shareholders enquires to the Board

Shareholders may send their written enquiries to the Company, for the attention of Company Secretary, by email: ir@sanbase.com.hk, fax: (852) 2870 3813, or mail to 16/F, Loon Kee Building, 267-275 Des Voeux Road Central, Hong Kong.

INVESTOR RELATIONS

The Company establishes different communication channels with Shareholders and investors. Apart from publication of quarterly, interim and annual reports, press announcement and release, updated and key information of the Group are available on the Company's website. The Company's website offers communication channel between the Company and its Shareholders and investors. The Company's registrars serve the Shareholders in respect of all share registration matters.

CONSTITUTIONAL DOCUMENTS

There was no change in the constitutional documents of the Company during the year.

Pursuant to Rule 17.102 of the GEM Listing Rules, the Company has published its memorandum of association and articles of association on the respective websites of the Stock Exchange and the Company.

股東權利 *(續)*

於股東大會上提呈建議之程序 *(續)*

就股東提出考慮之建議於股東大會向全體股東發出通告之通知期因應建議之性質有所不同，詳情如下：

- a. 倘建議須於本公司股東週年大會上以本公司特別決議案或普通決議案方式獲得批准，則須不少於二十一個完整日及不少於二十個完整營業日之書面通知。
- b. 倘建議須於本公司股東特別大會上以本公司特別決議案方式獲得批准，則須不少於二十一個完整日及不少於十個完整營業日之書面通知。
- c. 倘建議須於本公司股東特別大會上以本公司普通決議案方式獲得批准，則須不少於十四個完整日及不少於十個完整營業日之書面通知。

將股東的查詢送達董事會的程序

股東可透過郵件ir@sanbase.com.hk、傳真(852) 2870 3813或郵寄(香港德輔道中267-275號龍記大廈16樓)方式經公司秘書向本公司提出書面查詢。

投資者關係

本公司與股東及投資者建立不同之通訊渠道。除刊發季度、中期及年度報告、公告及新聞稿外，本集團之最新及主要資訊亦於本公司之網頁刊登。本公司之網頁為本公司及其股東與投資者提供溝通渠道。本公司之股份過戶處就所有股份登記事宜為股東提供服務。

章程文件

年內，本公司之章程文件並無變動。

根據GEM上市規則第17.102條，本公司已於聯交所及本公司的網站刊登其組織章程大綱及組織章程細則。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



To the Shareholders of Sanbase Corporation Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Sanbase Corporation Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 72 to 159, which comprise:

- the consolidated statement of financial position as at 31 March 2020;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

羅兵咸永道

致莊皇集團公司股東
(於開曼群島註冊成立的有限公司)

意見

我們已審核的內容

莊皇集團公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第72至159頁的綜合財務報表,包括:

- 於2020年3月31日的綜合財務狀況表;
- 截至該日止年度的綜合損益及其他全面收益表;
- 截至該日止年度的綜合權益變動表;
- 截至該日止年度的綜合現金流量表;及
- 綜合財務報表附註,包括主要會計政策概要。

我們的意見

我們認為,該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的《香港財務報告準則》(「香港財務報告準則」)真實而中肯地反映了貴集團於2020年3月31日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量,並已遵照香港《公司條例》的適用披露規定妥為擬備。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

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.

KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Recognition of contract revenue
- Impairment assessment of contract assets and trade and retention receivables

Key Audit Matters

關鍵審核事項

Recognition of contract revenue

確認合約收入

Refer to notes 2.21 and 6 to the consolidated financial statements.

請參閱綜合財務報表附註2.21及附註6。

The Group recorded contract revenue from the services of bare shell fit-out, restacking and reinstatement for the year ended 31 March 2020 of approximately HKD617.2 million. 截至2020年3月31日止年度，貴集團自毛坯房裝潢、重裝及還原服務錄得合約收入約617.2百萬港元。

意見的基礎

我們已根據香港會計師公會頒佈的《香港審核準則》（「《香港審核準則》」）進行審核。我們在該等準則下承擔的責任已在本報告「核數師就審核綜合財務報表承擔的責任」部分中作進一步闡述。

我們相信，我們所獲得的審核憑證能充足及適當地為我們的審核意見提供基礎。

獨立性

根據香港會計師公會頒佈的《專業會計師道德守則》（以下簡稱「守則」），我們獨立於貴集團，並已履行守則中的其他專業道德責任。

關鍵審核事項

關鍵審核事項是根據我們的專業判斷，認為對於本期的綜合財務報表的審核最為重要的事項。這些事項是在我們審核整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

在我們審核中確定的關鍵審核事項總結如下：

- 確認合約收入
- 合約資產以及貿易及保固金應收款的減值評估

How our audit addressed the Key Audit Matters

我們的審核如何處理關鍵審核事項

Our audit procedures in relation to management’s recognition of contract revenue included:

我們就有關管理層確認合約收入的審核程序包括：

- Selected the ongoing contracts on a sample basis and reviewed the terms and conditions of the contracts to understand the respective work nature and contractual relationship with the customers;
- 按抽樣基準選擇正在進行的合約並審閱合約的條款及條件，以了解其工作性質及與客戶的合約關係；

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key Audit Matters

關鍵審核事項

Revenue from contracts for the above services is recognised over the period of the contract by measuring the progress towards complete satisfaction of the performance obligation on the basis of the actual costs incurred by the Group up to the year-end date as a percentage of total estimated costs for each contract.

上述服務合約收入於合約期內通過按 貴集團截至年結日已產生之實際成本佔各合約估計總成本的百分比計算履約責任而確認完成之進度。

We focused on this area as significant management's judgement is involved to estimate the costs to complete individual service contract for projects in progress. The estimated costs to completion is used to determine the progress towards complete satisfaction of performance obligation of an individual service contract and to recognise relevant contract revenue accordingly.

我們關注此領域，乃由於估計完成個別進行中服務合約項目的成本涉及重大管理層判斷。估計完成成本用於釐定個別服務合約履約責任完成之進度並相應地確認相關合約收入。

How our audit addressed the Key Audit Matters

我們的審核如何處理關鍵審核事項

- Checked the correspondences with selected customers, including project acceptance documents or communication evidence to evaluate the reasonableness of management's estimates on the progress towards completion of a project;
- 檢查與選定客戶的通信，包括項目接納文件或通信證據，以評估管理層對項目完成進度估計的合理性；
- Assessed management's determination of the progress toward complete satisfaction of the projects through inquiry with project managers, inspection of project status summary and other correspondences with customers and performed site visits;
- 通過向項目經理查詢、檢查項目概況及與客戶進行其他通信並進行現場考察，以評估管理層對項目完成進度的決定；
- Reviewed the latest project budgets and quotations from subcontractors in assessing management's determination of estimated total costs of projects;
- 審閱最新項目預算及次承判商的報價，以評估管理層對項目估計總成本的決定；
- Tested the total costs incurred up to the date of statement of financial position by checking, on a sample basis, subcontractors' invoices and/or quotations; and
- 按抽樣基準通過檢查次承判商的發票及／或報價，對截至財務狀況表日期產生的總成本進行測試；及
- Tested mathematical accuracy of the calculations of contract revenue and costs.
- 測試合約收入及成本計算的準確性。

Based on the above, we found management's judgement used to estimate total costs of projects and progress towards complete satisfaction as at year end date were supported by available evidence.

基於上述情況，我們認為管理層對估計項目總成本以及於年結日完成進度的情況所使用的判斷均有證據支持。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key Audit Matters

關鍵審核事項

Impairment assessment of contract assets and trade and retention receivables

合約資產以及貿易及保固金應收款的減值評估

Refer to notes 4.1(ii)(c) and 18 and 19 to the consolidated financial statements.

請參閱綜合財務報表附註4.1(ii)(c)及附註18及19。

The Group had gross contract assets of approximately HKD138.0 million and gross trade and retention receivables of approximately HKD80.5 million as at 31 March 2020.

於2020年3月31日，貴集團的合約資產總額約為138.0百萬港元以及貿易及保固金應收款總額約為80.5百萬港元。

The loss allowances for these financial assets were determined based on assumptions about risk of default and expected loss rates. To measure expected credit losses, contract assets and trade and retention receivables had been grouped based on shared credit risk characteristics and the days past due. The contract assets related to unbilled work in progress had substantially the same risk characteristics as the trade and retention receivables for the same types of contracts.

該等金融資產的虧損撥備乃根據有關違約風險及預期虧損率之假設釐定。為計量預期信貸虧損，合約資產以及貿易及保固金應收款已根據共同信貸風險特徵及逾期天數分組。合約資產涉及未入賬在建工程，與相同類型合約的貿易及保固金應收款具有大致相同的風險特徵。

The expected loss rates were based on the payment profiles of sales and the corresponding historical credit losses experienced over a period before 31 March 2020.

預期虧損率乃基於銷售付款情況及2020年3月31日前之期間內經歷的相應過往信貸虧損。

How our audit addressed the Key Audit Matters

我們的審核如何處理關鍵審核事項

Our audit procedures in relation to impairment assessment of contract assets and trade and retention receivables included:

我們就有關合約資產以及貿易及保固金應收款減值評估的審核程序包括：

- Understood the key controls over management's assessment of expected credit loss for contract assets and trade and retention receivables including the evaluations of customers' credit profiles and their respective credit risk;
- 了解管理層就評估合約資產以及貿易及保固金應收款之預期信貸虧損（包括評估客戶的信貸資料及彼等的信貸風險）的關鍵控制措施；
- Tested, on a sample basis, the historical payment profile of customers;
- 按抽樣基準測試客戶的過往還款記錄；
- Performed market research to obtain industry data and corroborated explanations from management with supporting evidence to assess reasonableness of forward looking information used by management in determining the adjusted loss rates; and
- 進行市場調查以獲取行業數據以證實管理層的解釋，從而評估管理層於釐定經調整虧損率時所用前瞻性資料之合理性；及

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key Audit Matters

關鍵審核事項

The historical loss rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the contract assets and trade and retention receivables.

過往虧損率予以調整以反映影響客戶結算合約資產以及貿易及保固金應收款能力的有關宏觀經濟因素的當前及前瞻性資料。

Management then estimated the loss allowances of contract assets and trade and retention receivables based on the adjusted loss rates, the outstanding balances of contract assets and ageing profiles of trade and retention receivables as at 31 March 2020.

管理層進而根據於2020年3月31日的合約資產經調整虧損率及未償還結餘及貿易及保固金應收款的賬齡狀況對合約資產以及貿易及保固金應收款之虧損撥備進行估計。

Based on this assessment, management had estimated loss allowances of approximately HKD1.0 million and approximately HKD5.0 million for contract assets and trade and retention receivables respectively as at 31 March 2020.

根據此項評估，管理層估計於2020年3月31日合約資產以及貿易及保固金應收款的虧損撥備分別為約1.0百萬港元及約5.0百萬港元。

We focused on this area due to the size of the contract assets and trade and retention receivables as at 31 March 2020 and the significant management's judgements used to estimate the expected credit losses of these financial assets.

我們關注此領域，乃由於2020年3月31日合約資產及貿易應收款項及應收保固金的規模且用以估計該等金融資產之預期信貸虧損乃涉及重大管理層判斷。

How our audit addressed the Key Audit Matters

我們的審核如何處理關鍵審核事項

- Checked, on a sample basis, the ageing profile of the trade and retention receivables as at 31 March 2020 to the underlying financial records.
- 按抽樣基準檢查於2020年3月31日有關財務記錄內的貿易及保固金應收款的賬齡情況。

Based on the above, we found that management's judgements used in relation the impairment assessment of contract assets and trade and retention receivables were supported by available evidence.

基於上述情況，我們認為管理層對合約資產以及貿易及保固金應收款的減值評估所使用判斷均有證據支持。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

OTHER INFORMATION

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

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

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

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

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

本年報的其他信息

貴公司董事須對其他信息負責。其他信息包括年報內的所有信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對綜合財務報表的審核，我們的責任乃閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審核過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事及審核委員會就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的《香港財務報告準則》以及《公司條例》的適用披露規定擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報表時，董事負責評估 貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將 貴集團清盤或停止經營，或別無其他實際的替代方案。

貴公司審核委員會須負責監督 貴集團的財務報告過程。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

核數師就審核綜合財務報表承擔的責任

我們的目標，乃對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向閣下（作為整體）報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審核準則》進行的審核，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審核準則》進行審核的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審核程序以應對這些風險，以及獲取充足和適當的審核憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審核相關的內部控制，以設計適當的審核程序，但目的並非對貴集團內部控制的有效性發表意見。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

核數師就審核綜合財務報表承擔的責任 (續)

- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審核憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論乃基於核數師報告日止所取得的審核憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審核憑證，以便對綜合財務報表發表意見。我們負責貴集團審核的方向、監督和執行。我們為審核意見承擔全部責任。

除其他事項外，我們與審核委員會溝通了計劃的審核範圍、時間安排、重大審核發現等，包括我們在審核中識別出內部控制的任何重大缺陷。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wilson Chan.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 18 June 2020

核數師就審核綜合財務報表承擔的責任 (續)

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

從與審核委員會溝通的事項中，我們確定哪些事項對本期間的綜合財務報表的審核最為重要，因而構成關鍵審核事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審核項目合夥人是陳偉信。

羅兵咸永道會計師事務所
執業會計師

香港，2020年6月18日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

FOR THE YEAR ENDED 31 MARCH 2020
截至2020年3月31日止年度

		Note 附註	2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
Revenue	收入	6	638,030	650,455
Cost of sales	銷售成本	7	(572,962)	(579,608)
Gross profit	毛利		65,068	70,847
Administrative expenses	行政開支	7	(32,721)	(29,811)
Fair value changes of financial asset at fair value through profit or loss	按公允值計入損益之 金融資產的公允值變動	16	(737)	–
Impairment losses on financial assets	金融資產虧損		(3,591)	(3,326)
Operating profit	經營溢利		28,019	37,710
Finance income	財務收入		410	60
Finance costs	財務成本		(367)	(376)
Finance income/(costs) – net	財務收入／(成本) – 淨額	8	43	(316)
Profit before income tax	除稅前溢利		28,062	37,394
Income tax expense	所得稅開支	10	(6,321)	(7,076)
Profit for the year	年內溢利		21,741	30,318
Other comprehensive loss, net of income tax	其他全面虧損， 扣除所得稅			
<i>Item that may be subsequently reclassified to profit or loss:</i>	<i>其後可能重新分類至 損益的項目：</i>			
– Exchange differences arising on translation of foreign operation	– 換算海外業務產生的 匯兌差額		(140)	(52)
Total comprehensive income for the year	年內全面收益總額		21,601	30,266

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

FOR THE YEAR ENDED 31 MARCH 2020
截至2020年3月31日止年度

		Note 附註	2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
Profit for the year attributable to:	應佔年內溢利：			
Owners of the Company	本公司擁有人		16,224	28,116
Non-controlling interests	非控股權益		5,517	2,202
			21,741	30,318
Total comprehensive income for the year attributable to:	應佔年內全面收益總額：			
Owners of the Company	本公司擁有人		16,133	28,070
Non-controlling interests	非控股權益		5,468	2,196
			21,601	30,266
			HK Cents 港仙	HK Cents 港仙
Earnings per share attributable to owners of the Company	本公司擁有人應佔 每股盈利			
Basic and diluted	基本及攤薄	11	8.20	14.10

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

上述綜合損益及其他全面收益應與隨附附註一併閱覽。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

AS AT 31 MARCH 2020

於2020年3月31日

		Note 附註	2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
ASSETS	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	13	2,194	2,783
Right-of-use assets	使用權資產	3(a)	4,861	–
Intangible assets	無形資產	14	9,719	9,927
Financial assets at fair value through profit or loss	按公允值計入損益之金融資產	16	7,094	7,831
Deposits and prepayments	按金及預付款	20	2,595	1,400
Deferred tax assets	遞延所得稅資產	25	294	515
			26,757	22,456
Current assets	流動資產			
Trade and retention receivables	貿易及保固金應收款	18	75,556	122,136
Contract assets	合約資產	19	136,959	119,842
Deposits, other receivables and prepayments	按金、其他應收及預付款	20	11,265	11,645
Cash and cash equivalents	現金及現金等價物	21	120,321	106,009
			344,101	359,632
Total assets	總資產		370,858	382,088
EQUITY	權益			
Equity attributable to the owners of the Company	本公司擁有人應佔權益			
Share capital	股本	22(a)	1,553	1,553
Shares held under share award scheme	股份獎勵計劃下所持股份	22(b)	(2,998)	(2,998)
Share premium	股份溢價		57,632	63,832
Exchange reserve	匯兌儲備		(144)	(53)
Retained earnings	保留盈利		85,748	69,524
			141,791	131,858
Non-controlling interests	非控股權益		10,414	4,946
Total equity	總權益		152,205	136,804

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

AS AT 31 MARCH 2020
於2020年3月31日

		Note 附註	2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
LIABILITIES	負債			
Non-current liabilities	非流動負債			
Deferred tax liabilities	遞延所得稅負債	25	29	66
Lease liabilities	租賃負債	3(a)	2,745	—
			<u>2,774</u>	<u>66</u>
Current liabilities	流動負債			
Trade payables	貿易應付款	23	201,835	203,641
Accruals and other payables	應計及其他應付款	23	3,046	6,638
Contract liabilities	合約負債	19	5,656	18,729
Bank borrowing	銀行借款	24	—	12,800
Lease liabilities	租賃負債	3(a)	2,249	—
Current income tax liabilities	即期所得稅負債		3,093	3,410
			<u>215,879</u>	<u>245,218</u>
Total liabilities	總負債		<u>218,653</u>	<u>245,284</u>
Total equity and liabilities	總權益及負債		<u>370,858</u>	<u>382,088</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

上述綜合財務狀況表應與隨附附註一併閱覽。

The consolidated financial statements on pages 72 to 159 were approved and authorised for issue by the Board of Directors on 18 June 2020 and were signed on its behalf by:

第72至第159頁的綜合財務報表已獲董事會於2020年6月18日批准及授權刊發及由以下董事代其簽署：

Wong Sai Chuen
王世存
Executive Director
執行董事

Wong Kin Kei
黃健基
Executive Director
執行董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

FOR THE YEAR ENDED 31 MARCH 2020
截至2020年3月31日止年度

		Attributable to owners of the Company 本公司擁有人應佔							
		Share capital	Share premium	Shares held under share award scheme	Exchange reserve	Retained earnings	Subtotal	Non-controlling interests	Total equity
		股本	股份溢價	下所持股份	匯兌儲備	保留盈利	小計	非控股權益	總權益
		HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 April 2018	於2018年4月1日	1,553	68,632	-	-	41,408	111,593	-	111,593
Profit for the year	年內溢利	-	-	-	-	28,116	28,116	2,202	30,318
Other comprehensive loss for the year:	年內其他全面虧損:								
Exchange differences arising on translation of foreign operation	換算海外業務產生的匯兌差額	-	-	-	(46)	-	(46)	(6)	(52)
Total comprehensive (loss)/income for the year	年內全面(虧損)/收益總額	-	-	-	(46)	28,116	28,070	2,196	30,266
Non-controlling interests on acquisition of subsidiaries	收購附屬公司的非控股權益	-	-	-	-	-	-	2,138	2,138
Capital injection by non-controlling interests	非控股權益注資	-	-	-	(7)	-	(7)	612	605
Acquisition of shares under share award scheme (Note 22(b))	就股份獎勵計劃購買股份(附註22(b))	-	-	(2,998)	-	-	(2,998)	-	(2,998)
Final dividend paid	已付末期股息	-	(4,800)	-	-	-	(4,800)	-	(4,800)
At 31 March 2019	於2019年3月31日	1,553	63,832	(2,998)	(53)	69,524	131,858	4,946	136,804
At 1 April 2019	於2019年4月1日	1,553	63,832	(2,998)	(53)	69,524	131,858	4,946	136,804
Profit for the year	年內溢利	-	-	-	-	16,224	16,224	5,517	21,741
Other comprehensive loss for the year:	年內其他全面虧損:								
Exchange differences arising on translation of foreign operation	換算海外業務產生的匯兌差額	-	-	-	(91)	-	(91)	(49)	(140)
Total comprehensive (loss)/income for the year	年內全面(虧損)/收益總額	-	-	-	(91)	16,224	16,133	5,468	21,601
Final dividend paid	已付末期股息	-	(6,200)	-	-	-	(6,200)	-	(6,200)
At 31 March 2020	於2020年3月31日	1,553	57,632	(2,998)	(144)	85,748	141,791	10,414	152,205

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes. 上述綜合權益變動表應與隨附附註一併閱覽。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

FOR THE YEAR ENDED 31 MARCH 2020
截至2020年3月31日止年度

		Note	2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
		附註		
Cash flows from operating activities	經營活動之現金流量			
Cash generated from operations	營運產生之現金	32(a)	48,111	51,773
Interest received	已收利息		410	60
Income tax paid	已付所得稅		(6,437)	(6,130)
Net cash inflow from operating activities	經營活動之淨現金流入		42,084	45,703
Cash flows from investing activities	投資活動之現金流量			
Deposits paid for acquisition of a subsidiary	已付收購一間附屬公司之按金	20	(1,275)	–
Payment of consideration payable for acquisition of a subsidiary	支付收購一間附屬公司應付代價		(4,008)	–
Payment for acquisitions of subsidiaries, net of cash acquired	支付收購附屬公司，扣除所得淨現金	15	–	4,949
Payments for purchase of property, plant and equipment	支付購置物業、機器及設備	13	(525)	(1,066)
Payment for financial asset at fair value through profit or loss	支付按公允值計量且其變動計入損益之金融資產		–	(7,831)
Net cash outflow from investing activities	投資活動之淨現金流出		(5,808)	(3,948)
Cash flows from financing activities	融資活動之現金流量			
Final dividend paid	已付末期股息		(6,200)	(4,800)
Interest paid	已付利息		(367)	(127)
Principal elements of lease payments	支付租賃付款之本金部份	32(b)	(2,443)	–
Payment for acquisition of shares under share award scheme	就股份獎勵計劃下購買股份之付款	22(b)	–	(2,998)
Capital injection by non-controlling interests	非控股權益注資		–	605
Proceeds from bank borrowing	銀行借貸所得款		–	20,300
Repayment of bank borrowing	償還銀行借貸	32(b)	(12,800)	(7,500)
Net cash (outflow)/inflow from financing activities	融資活動之淨現金(流出)／流入		(21,810)	5,480
Net increase in cash and cash equivalents	現金及現金等價物增加淨額		14,466	47,235
Effects of exchange rate changes on cash and cash equivalents	匯率換算對現金及現金等價物之影響		(154)	11
Cash and cash equivalents at 1 April	於4月1日現金及現金等價物		106,009	58,763
Cash and cash equivalents at 31 March	於3月31日現金及現金等價物	21	120,321	106,009

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

上述綜合現金流量表應與隨附附註一併閱覽。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

1. CORPORATE INFORMATION

Sanbase Corporation Limited was incorporated in the Cayman Islands on 24 March 2017 as an exempted company with limited liability under the Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. The principal place of business is 16/F, Loon Kee Building, 267-275 Des Voeux Road Central, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of interior fit-out solutions in Hong Kong and the People's Republic of China (the "PRC"). The ultimate holding company of the Company is Madison Square International Investment Limited. The ultimate controlling party of the Group is Mr. Wong Sai Chuen ("Mr. Wong" or the "Controlling Shareholder").

The shares of the Company (the "Shares") have been listed on GEM of the Stock Exchange since 4 January 2018.

These consolidated financial statements are presented in Hong Kong dollar thousands ("HKD'000"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board on 18 June 2020.

1. 公司資料

莊皇集團公司於2017年3月24日根據開曼群島法例第22章《公司法》(1961年第3號法律,經綜合及修訂),於開曼群島註冊成立為獲豁免有限公司。本公司註冊辦事處地址為4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands。主要營業地點為香港德輔道中267-275號龍記大廈16樓。

本公司為一家投資控股公司及其附屬公司的主要業務為於香港及中華人民共和國(「中國」)提供室內裝潢解決方案。本公司的最終控股公司為世曼有限公司。本集團的最終控股方為王世存先生(「王先生」)或「控股股東」。

本公司的股份(「股份」)自2018年1月4日起於聯交所GEM上市。

除另有說明者外,該等綜合財務報表以千港元(「千港元」)列示。綜合財務報表已獲董事會於2020年6月18日批准刊發。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting the Company and its subsidiaries.

2.1 Basis of preparation

(i) **Compliance with HKFRSs and Companies Ordinance**

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the “**HKFRSs**”), which is a collective term for all individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the Companies Ordinance and the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”).

(ii) **Historical cost convention**

The consolidated financial statements of the Group have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as appropriate.

(iii) **New and amended standards, improvements and interpretations adopted by the Group**

The following new standards, amendments, annual improvements and interpretation have been adopted by the Group for the financial year beginning on or after 1 April 2019:

- HKFRS 16 “Lease”
- Prepayment features with negative compensation – Amendments to HKFRS 9

2. 主要會計政策概要

本附註提供編製該等綜合財務報表時所採納的主要會計政策清單。除另有說明者外，該等政策於所有呈報年度貫徹一致應用。財務報表為本集團（由本公司及其附屬公司組成）編製。

2.1 編製基準

(i) **遵守香港財務報告準則及《公司條例》**

本集團綜合財務報表乃按照所有適用香港財務報告準則（「**香港財務報告準則**」）（此詞涵蓋所有個別香港財務報告準則、香港會計師公會（「**香港會計師公會**」）頒布的香港會計準則（「**香港會計準則**」）及詮釋）以及《公司條例》及聯交所GEM證券上市規則（「**GEM上市規則**」）的適用披露規定編製。

(ii) **歷史成本法**

本集團綜合財務報表乃按照歷史成本法編製，惟若干按公允值計量之金融工具除外（如適用）。

(iii) **本集團採納的新訂及經修訂準則，年度改進及詮釋**

本集團於2019年4月1日或之後開始的財政年度採用以下新準則，準則的修訂本，年度改進及詮釋：

- 香港財務報告準則第16號「租賃」
- 具有負補償之預付款特性－香港財務報告準則第9號（修訂本）

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(iii) New and amended standards adopted by the Group (Continued)

- Long-term interests in Associates and Joint Ventures – Amendments to HKAS 28
- Annual Improvements to HKFRS Standards 2015 – 2017 Cycle
- Plan Amendment, Curtailment or Settlement – Amendments to HKAS 19
- HK(IFRIC) Interpretation 23 Uncertainty over income tax treatments

The Group had to change its accounting policies as a result of adopting HKFRS 16. The Group elected to adopt the new standard using the modified retrospective approach and recognised the effect of initially applying the new standards on 1 April 2019. The impact of the adoption of HKFRS 16 is disclosed in Note 3. Except for HKFRS 16, other new and amended standards listed above do not have a material impact on or are not relevant to the Group.

2. 主要會計政策概要 (續)

2.1 編製基準 (續)

(iii) 本集團採納的新訂及經修訂準則 (續)

- 於聯營及合營的長期權益 – 香港會計準則第28號 (修訂本)
- 香港財務報告準則的年度改進二零一五年至二零一七年週期
- 計劃修訂、縮減或結算 – 香港會計準則第19號 (修訂本)
- 香港 (國際財務報告詮釋委員會) 詮釋第23號所得稅處理的不確定性

本集團因採用香港財務報告準則第16號而作出其會計政策變更。本集團選擇採納新準則，但於2019年4月1日確認初始應用新準則的累計影響。採納香港財務報告準則第16號的影響於附註3中披露。除香港財務報告準則第16號外，上述其他新訂及經修訂準則對本集團概無重大影響或與本集團無關。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(iv) Amended standards and revised framework not yet adopted

The following amendments, and revised conceptual framework have been published but are not mandatory for 31 March 2020 reporting period and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
		於以下日期或之後開始的年度期間生效
Amendments to HKAS 1 and HKAS 8 香港會計準則第1號及香港會計準則第8號(修訂本)	Definition of material 重大的定義	1 April 2020 2020年4月1日
Amendments to HKFRS 3 香港財務報告準則第3號(修訂本)	Definition of a business 業務的定義	1 April 2020 2020年4月1日
Amendments to HKFRS 17 香港財務報告準則第17號(修訂本)	Insurance contracts 保險合約	1 April 2021 2021年4月1日
Amendments to HKFRS 10 and HKAS 28 香港財務報告準則第10號及香港會計準則第28號(修訂本)	Sales or contribution of assets between an investor and its associate or joint venture 投資者與其聯營公司或合營公司的資產出售或投入	To be determined 待定
Amendments to HKAS 39, HKFRS 7 and HKFRS 9 香港會計準則第39號及香港財務報告準則第7號及香港財務報告準則第9號(修訂本)	Hedge accounting 對沖會計	1 April 2020 2020年4月1日
Conceptual Framework for Financial Reporting 2018 2018年財務報告概念框架	Revised conceptual framework for financial reporting 經修訂財務報告概念框架	1 April 2020 2020年4月1日

The Group has commenced an assessment of the impact of these amendments to standards and revised conceptual framework. The Group is not yet in a position to state whether they would have a significant impact of its results of operations and financial position.

本集團已開始評估此等新準則及準則的修訂本的影響。本集團尚未能確定是否會對其經營業績及財務狀況產生重大影響。

2. 主要會計政策概要 (續)

2.1 編製基準 (續)

(iv) 已頒佈但本集團尚未應用的準則的修訂本及經修訂的概念框架

以下可能與本集團相關的準則的修訂本及經修訂的概念框架已經頒佈且於2020年3月31日之後生效。本集團於截至2020年3月31日止年度尚未提前採納該等準則。

Effective for annual periods beginning on or after
於以下日期或之後開始的年度期間生效

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation

(i) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's policies.

(ii) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

2. 主要會計政策概要 (續)

2.2 綜合

(i) 附屬公司

附屬公司指本集團對其有控制權的所有實體(包括結構性實體)。當本集團乃由於參與該實體而承擔可變回報的風險或享有可變回報的權益,並有能力透過其對該實體的權力影響此等回報時,本集團即控制該實體。附屬公司在控制權轉移至本集團之日全面綜合入賬。附屬公司在控制權終止之日起停止綜合入賬。集團內公司間交易、結餘及交易的未變現收益均予以抵銷。除非該交易提供所轉移資產減值的證據,否則,未變現虧損亦予以對銷。附屬公司財務報表金額已經作出必要的調整以確保與本集團的會計政策保持一致。

(ii) 業務合併

會計法收購法乃用作本集團收購附屬公司的入賬方法。收購附屬公司的轉讓代價為本集團所轉讓資產、所產生負債及所發行的股權的公允價值。所轉讓代價包括或有代價安排所產生的任何資產或負債的公允價值。於業務合併時所收購可識別的資產以及所承擔的負債及或然負債,初步按收購日的公允價值計量。

本集團以逐項收購為基礎,確認於被收購方的任何非控股權益。按現時擁有權權益並賦予持有人在清盤時按比例分佔實體淨資產的被收購方的非控股權益,可按公允價值或當時擁有權權益應佔被收購方可識別淨資產的確認金額比例而計量。非控股權益的所有其他組成部分按收購日的公允價值計量,除非香港財務報告準則規定須以其他計量基準計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

(ii) Business combinations (Continued)

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying amount of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss and other comprehensive income.

2. 主要會計政策概要 (續)

2.2 綜合 (續)

(ii) 業務合併 (續)

收購相關成本於產生時支銷。

倘業務合併分階段進行，則收購方先前持有的被收購方股權於收購日期的賬面價值按收購日期的公允值重新計量；該重新計量產生的任何收益或虧損乃於損益中確認。

本集團所轉讓的任何或有對價於收購日期按公允值確認。被視為一項資產或負債的或有對價的公允值的其後變動按照香港財務報告準則第9號於損益確認或確認為其他全面收益變動。分類為權益的或有對價並無重新計量，其後結算於權益入賬。

所轉讓對價、於被收購方的任何非控股權益金額及任何先前於被收購方的股權於收購日期的公允值超逾所收購可識別淨資產公允值的差額乃入賬列作商譽。

倘所轉讓代價、已確認非控股權益及所計量的先前持有的權益總額低於在議價收購中收購的附屬公司可辨認淨資產的公允值，則該差額會直接於綜合損益及其他全面收益表確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing on the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statement exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (“**CODM**”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive Directors that makes strategic decisions.

2. 主要會計政策概要 (續)

2.3 獨立財務報表

於附屬公司的投資按成本扣除減值列賬。成本包括直接應佔投資成本。附屬公司的業績乃由本公司按已收及應收股息基準入賬。

倘股息超出附屬公司宣派股息期間全面收益總額，或倘獨立財務報表中投資賬面值超出綜合財務報表所示被投資方資產淨值（包括商譽）的賬面值，則須於自該投資收取股息時，對該等附屬公司的投資進行減值測試。

2.4 分部報告

經營分部按與向主要經營決策者（「**主要經營決策者**」）提供之內部報告一致之方式呈報。主要經營決策者（被視為作出策略性決策的執行董事）負責分配資源及評估經營分部之表現。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is HKD and majority of the subsidiaries of the Group operate in Hong Kong and the PRC whereas their functional currency are HKD and Renminbi respectively. The consolidated financial statements are presented in HKD, which is the Company's and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss ("FVPL") recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

2. 主要會計政策概要 (續)

2.5 外幣換算

(i) 功能及呈列貨幣

本集團內各實體之財務報表中之項目乃按有關實體營運所在之主要經濟環境之貨幣(「功能貨幣」)計量。本公司的功能貨幣為港元，本集團的大部分附屬公司在香港及中國經營及其功能貨幣分別為港元及人民幣。該等綜合財務報表乃以港元呈列，港元乃本公司及本集團之呈列貨幣。

(ii) 交易及結餘

外幣交易乃按交易日或項目重新計量的估值日期以當日匯率換算為功能貨幣。該等交易結算及按年末匯率換算以外幣結算之貨幣性資產及負債按年終日之匯率換算所產生之匯兌盈虧於綜合損益及其他全面收益表內確認。

按公允值計量並以外幣計值之非貨幣性項目採用釐定公允值當日之匯率換算。按公允值列賬之資產與負債之換算差額作為公允值盈虧的一部分呈報。例如，非貨幣性資產及負債(例如按公允值計量且其變動計入損益(「按公允值計量且其變動計入損益」)之股權)之換算差額在損益中確認為公允值盈虧的一部分，而非貨幣性資產(例如分類為按公允值計量且其變動計入其他全面收益之股權)之換算差額在其他全面收益中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Foreign currency translation *(Continued)*

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- (b) income and expenses for each income statements are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising from the translation of any net investment in foreign entities on consolidation are recognised in other comprehensive income.

2. 主要會計政策概要 (續)

2.5 外幣換算 (續)

(iii) 集團公司

功能貨幣與呈列貨幣不同之集團全部實體(均無採用高通脹經濟體系的貨幣)之業績及財務狀況按以下方式換算為呈列貨幣:

- (a) 各財務狀況表所呈列之資產及負債乃按報告日期之收市匯率換算;
- (b) 各收益表之收益及開支乃按平均匯率換算(除非此平均數值並非該等交易日期當日匯率累計影響之合理約數,否則收益及開支將按交易日期之匯率換算);及
- (c) 所有因此而產生的貨幣換算差額於其他全面收益內確認。

因收購海外實體而產生之商譽及公允價值調整,視為該海外實體之資產及負債處理,並於結算日的匯率換算。於編製綜合賬目時,貨幣換算產生自換算任何海外實體投資淨額的差額於其他全面收益中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Furniture and equipment	2-5 years
Leasehold improvement	4 years or over the lease term, whichever is shorter
Motor vehicles	4 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and recognised in profit or loss.

2. 主要會計政策概要 (續)

2.6 物業、機器及設備

所有物業、機器及設備乃按歷史成本減折舊及減值虧損列賬。歷史成本包括收購項目的直接應佔開支。

後續成本僅在本集團很可能獲得與該項目有關的未來經濟利益及該項目的成本能被可靠計量時，方可計入資產賬面值或確認為獨立資產（如適用）。替換部分的賬面值終止確認。所有其他維修及保養於其產生的財政期內計入損益表。

物業、機器及設備以直線法計算折舊，按估計可使用年期將其成本分配至其剩餘價值：

傢俬及設備	2-5年
租賃裝修	4年或超過租賃期，以較短者為準
汽車	4年

資產的剩餘價值及可使用年期於各報告期末進行審閱並調整（如適用）。倘資產的賬面值高於其估計可收回金額（附註2.8），則其賬面值即時撇減至可收回金額。

出售盈虧是按所得款項與賬面值之差額釐定，並確認於損益中。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (“CGUs”), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the CGU or group of CGUs level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU or the group of CGUs to which goodwill has been allocated is compared to the recoverable amount of the unit, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2. 主要會計政策概要 (續)

2.7 無形資產

(i) 商譽

商譽於收購附屬公司時產生，即所轉讓代價、於所收購方之任何非控股權益金額及任何先前於所收購方之權益於收購日期之公允值超出已收購可識別資產淨值之公允值之差額。

就減值測試而言，於業務合併所收購的商譽獲分配至預期可受惠於合併協同效應的各現金產生單位（「現金產生單位」）或現金產生單位組別。各獲分配商譽的單位或單位組別指就內部管理目的監察商譽的實體內部最低層面。商譽於現金產生單位或現金產生單位組合層次進行監察。

商譽的減值每年進行檢討，或當有事件或情況改變顯示可能出現減值時作更頻密檢討。商譽已分配至現金產生單位或現金產生單位組合，其賬面值與單位之可收回金額（使用價值與公允值減出售成本之較高者）作比較。任何減值即時確認為開支，且其後不會撥回。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Intangible assets (Continued)

(ii) Customer relationship and contracts

Customer relationship and contracts acquired as part of a business combination are capitalised at fair value separately from goodwill at acquisition date and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the intangible assets over their estimated useful lives of one to three years.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. 主要會計政策概要 (續)

2.7 無形資產 (續)

(ii) 客戶關係及合約

於收購日客戶關係及合約為業務合併的一部份，並已按公允值資本化與商譽分開，按成本減累計攤銷及累計減值虧損列賬。攤銷以直線法將無形資產的成本按其估計可使用年期1至3年計算。

2.8 非金融資產的減值

不確定使用年期的資產（如商譽或無形資產尚未可使用）毋須攤銷，並每年進行減值測試。當有事件或情況改變顯示賬面值可能無法收回時，須就攤銷的資產進行減值檢討。減值虧損按資產的賬面值超出其可收回金額的差額確認。可收回金額為資產的公允值減銷售成本及使用價值兩者之中的較高者。就評估減值而言，本集團按可獨立識別的現金流量（現金產生單位）的最低水平劃分資產類別。除商譽外，出現減值的非金融資產將於各報告日期進行檢討，以釐定減值是否可予撥回。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Investments and financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss and other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2. 主要會計政策概要 (續)

2.9 投資及金融資產

(i) 分類

本集團按以下計量類別對其金融資產進行分類：

- 其後將按公允值計量且其變動計入其他全面收益或損益的金融資產，及
- 將按攤銷成本計量的金融資產。

分類取決於實體管理金融資產及現金流量合約條款的業務模式。

就按公允值計量的資產而言，其收益及虧損於損益及其他全面收益列賬。就並非持作買賣的權益工具投資而言，則取決於本集團是否於初次確認時行使不可撤銷選擇權，將權益投資按公允值計量且其變動計入其他全面收益（「按公允值計量且其變動計入其他全面收益」）。

本集團僅於管理該等資產的業務模式改變時方會對債務投資進行重新分類。

(ii) 確認及終止確認

金融資產的常規買賣於交易日（本集團承諾買賣資產當日）確認。當從金融資產收取現金流量的權利已到期或已轉讓，且本集團已將所有權的絕大部分風險及回報轉讓，即終止確認金融資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Investments and financial assets (Continued)

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

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

Debt instruments

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

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.

2. 主要會計政策概要 (續)

2.9 投資及金融資產 (續)

(iii) 計量

初始確認時，本集團按金融資產之公允值加（倘並非按公允值計量且其變動計入損益的金融資產）收購金融資產之直接應佔交易成本計量。按公允值計量且其變動計入損益的金融資產之交易成本於損益內支銷。

在釐定嵌入衍生工具的金融資產的現金流量是否僅為支付本金及利息時，應以整體作考慮。

債務工具

債務工具的后續計量取決於本集團管理資產及資產現金流量特徵的業務模式。本集團將其債務工具分類為以下三種計量類別：

- **攤銷成本：**倘持作收取合約現金流量資產的現金流量僅為支付本金及利息，則按攤銷成本計量。來自該等金融資產的利息收入按實際利率法計入財務收入。終止確認產生的任何收益或虧損直接於損益確認。減值虧損於綜合損益及其他收益表中作為單獨項目呈列。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Investments and financial assets *(Continued)*

(iii) Measurement *(Continued)*

Debt instruments (Continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss.

2. 主要會計政策概要 (續)

2.9 投資及金融資產 (續)

(iii) 計量 (續)

債務工具 (續)

- 按公允價值計量且其變動計入其他全面收益：倘為收回合約現金流量及出售金融資產而持有之資產的現金流量僅為支付本金及利息，則該等資產按公允價值計量且其變動計入其他全面收益。賬面值變動計入其他全面收益，惟於損益確認之減值收益或虧損、利息收入及匯兌收益及虧損之確認除外。終止確認金融資產時，先前於其他全面收益確認之累計收益或虧損由權益重新分類至損益並於損益確認。該等金融資產的利息收入按實際利率法計入財務收入。匯兌收益及虧損於綜合收益及其他全面收益表中作為單獨項目列示。
- 按公允價值計量且其變動計入損益：未達按攤銷成本或按公允價值計量且其變動計入其他全面收益計量標準的資產乃按公允價值計量且其變動計入損益。後續按公允價值計量且其變動計入損益的債務投資所產生的盈虧於損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Investments and financial assets (Continued)

(iii) Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the consolidated statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For contract assets and trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 4.1(ii)(c) for further details.

2. 主要會計政策概要 (續)

2.9 投資及金融資產 (續)

(iii) 計量 (續)

權益工具

本集團其後就所有權益投資按公允值計量。倘本集團管理層已選擇於其他全面收益中呈列權益投資的公允值收益及虧損，公允值收益及虧損於終止確認該投資後不會重新分類至損益。有關投資的股息於本集團收取付款的權利確立時繼續於損益確認。

按公允值計量且其變動計入損益的金融資產之公允值變動按適用情況於綜合損益及全面收益表內的其他收入及其他收益淨額中確認。按公允值計入其他全面收益計量的股本投資的減值虧損（及減值虧損撥回）不會與其他公允值變動分開列報。

(iv) 減值

本集團按前瞻性基準評估與按攤銷成本計量的債務工具有關的預期信貸虧損。所應用的減值方法視乎信貸風險有否大幅增長而定。就合約資產及貿易應收款項而言，本集團已應用香港財務報告準則第9號允許之簡化方法，該方法規定預期整個存續期之虧損自初始確認應收款項時確認，進一步詳情請見附註4.1(ii)(c)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.11 Trade, retention and other receivables

Trade and retention receivables are amounts due from customers for service performed in the ordinary course of business. If collection of trade, retention and other receivables is expected in the one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-currents.

Trade, retention and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade, retention and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

2. 主要會計政策概要 (續)

2.10 抵銷金融工具

當有法定可強制執行的權利抵銷已確認金額且擬按淨值基準結算或同時變現資產及結算負債時，金融資產及負債將予抵銷，有關淨額則於財務狀況表內列報。法定可執行權利必須不得依賴未來事件而定，而在一般業務過程中以及倘公司或對手方一旦出現違約、無償債能力或破產時，這也必須具有約束力。

2.11 貿易，保固金及其他應收款項

貿易及保固金應收款為就於日常業務過程中提供服務而應收客戶的款項。倘貿易，保固金及其他應收款項預期於一年或以內（或倘時間較長，則在業務正常營運週期內）收回，則其將分類為流動資產，否則呈列為非流動。

貿易，保固金及其他應收款項初步按有關無條件代價金額確認，除非其包含重大融資部分，並按公允值確認。本集團為收取合約現金流量而持有貿易，保固金及其他應收款項，因此其後以實際利率法按攤銷成本計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net contract asset or a net contract liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining conditional rights to consideration exceed the satisfied performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if consideration received (or an amount of consideration is due) from the customer exceeds the measure of the remaining unsatisfied performance obligations. In the consolidated statement of financial position, the contract assets mainly consist of unbilled work in progress and contract liabilities mainly consist of receipt in advance from customers.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of trade debtors. Contract liabilities are recognised as revenue when the Group transfers the goods or services to the customers and therefore satisfied its performance obligation.

The incremental costs of obtaining a contract with a customer are capitalised and presented as contract related assets, if the Group expects to recover those costs, and are subsequently amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. The Group recognises an impairment loss in the profit or loss to the extent that carrying amount of the contract related assets recognised exceeds the remaining amounts of consideration that the Group expects to receive less the costs that relate directly to providing those goods or services that have not been recognised as expenses.

2. 主要會計政策概要 (續)

2.12 合約資產及合約負債

與客戶簽訂合約時，本集團獲得向客戶收取代價的權利，並承擔向客戶轉讓商品或提供服務的履約責任。

該等權利及履約責任的組合產生合約資產淨額或合約負債淨額，視乎餘下權利及履約責任之間的關係。合約乃一項資產，倘按有條件的權利計量剩餘對價超出履行履約義務則確認為合約資產。相反，合約乃一項負債，倘自客戶收到的對價（或應收對價的金額）超過計量剩餘未履約義務的確認為合約負債。於綜合狀況表中，合約資產乃包含未開具發票的在建工程及合約負債包含預收客戶款。

合約資產乃按與貿易應收賬款減值估計所採納的相同方法進行減值估計。合約負債於本集團將貨物或服務轉讓予客戶因而完成履約義務時確認為收入。

倘本集團預期可收回增量成本及其後按與轉讓貨物或服務予客戶一致的系統性基準攤銷遞增成本，獲取與客戶的合約所產生的遞增成本則作資本化且於與合約有關資產中呈報。因應已確認與合約有關資產賬面值超過本集團預期收取代價餘下金額減直接與提供該等貨物或服務但尚未確認為開支的成本，本集團於損益確認減值虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Pledged bank deposits are not included in cash and cash equivalents.

2.14 Share capital and shares held under share award scheme

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

2.15 Trade and other payables

These amounts represent liabilities for services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within one year or less of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. 主要會計政策概要 (續)

2.13 現金及現金等價物

現金及現金等價物包括手頭現金、原有到期期限為三個月或以內之銀行通知存款及其他短期高流動性投資。

現金及現金等價物並不包括已抵押存款。

2.14 股本及股份獎勵計劃下所持股份

普通股分類為權益。發行新股或購股權直接產生的增量成本於扣除稅項後在權益中作為所得款項的減項列示。

倘任何集團公司購入本公司之權益工具，例如由於進行股份回購或以股份支付計劃，則已付代價（包括任何直接應佔增量成本（扣除所得稅）從本公司擁有人應佔權益扣除，直至股份註銷或再發行為止。倘隨後再發行有關普通股，任何已收代價（扣除任何直接應佔增量交易成本及相關所得稅影響）計入本公司擁有人應佔權益。

2.15 貿易及其他應付款

該等款項指本集團於財政年度結束前就獲提供的服務未支付的負債。有關款項為無抵押及通常在確認後一年內或較短期間支付。貿易及其他應付款呈列為流動負債，除非付款並非於報告期後12個月內到期。貿易及其他應付款初始按公允值確認，隨後以實際利率法按攤銷成本計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2. 主要會計政策概要 (續)

2.16 借款

借款初始按公允值扣除產生的交易成本確認。借款其後按攤銷成本計量。所得款項(扣除交易成本)與贖回價值之間的任何差額乃使用實際利率法於借款期間在損益內確認。

於建立貸款融資時支付的費用在部份或全部融資將很可能被提取時確認為貸款的交易成本。在此情況下，費用延期至融資被提取時為止。倘並無證據顯示部份或全部融資將很可能被提取，則該費用將資本化為流動資金服務的預付款項，並於相關融資期間攤銷。

於合約中訂明的責任獲履行、取消或到期時，借款從綜合財務狀況表中剔除。已抵銷或轉移至另一方的金融負債賬面值與已支付代價(包括任何已轉讓的非現金資產或所承擔的負債)之間的差額於損益中確認為融資成本。

除非本集團可無條件延期償還負債至報告期末後至少十二個月，否則借款分類為流動負債。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

2.18 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

2. 主要會計政策概要 (續)

2.17 借款成本

借款成本於其產生期間支銷。

2.18 即期及遞延所得稅

本期間之所得稅開支或抵免乃就本期間應課稅收入按各司法權區之適用所得稅稅率應付稅項(就暫時差額及未動用稅損應佔之遞延所得稅資產及負債之變動而作出調整)。

即期所得稅

即期所得稅乃按本集團經營及產生應課稅收入於報告期末已頒佈或實質頒佈的稅法計算。管理層須就適用稅法詮釋相關情況從而定期評估報稅表狀況，並在適當情況下根據預期須向稅務機關支付的稅設定撥備。

遞延所得稅

遞延所得稅採用負債法就資產及負債的稅基與其於財務報表的賬面值之間產生的暫差額悉數撥備。然而，倘遞延所得稅負債因初始確認商譽而產生，則不予確認。倘遞延所得稅資產因初始確認資產或負債於一項交易(業務合併除外)而產生，且交易時不會影響會計或應課稅損益，亦不予入賬。遞延所得稅乃按報告期末已頒佈或實質頒佈的稅率(及稅法)釐定，並預期在有關遞延所得稅資產變現或遞延所得稅負債清償時應用。

遞延所得稅資產僅在未來應課稅溢利將可用於動用該等暫時差額及虧損時予以確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Current and deferred income tax *(Continued)*

Deferred income tax *(Continued)*

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2. 主要會計政策概要 (續)

2.18 即期及遞延所得稅 (續)

遞延所得稅 (續)

倘本集團能控制撥回暫時差額的時間及該等差額可能不會於可見將來撥回，則不會就海外業務投資賬面值與稅基之間的暫時差額確認遞延所得稅負債及資產。

當有法定權利將即期稅項資產及負債抵銷，而遞延所得稅餘額與同一稅務機關相關時，則可將遞延所得稅資產及負債抵銷。當實體有法定權利抵銷或有意按淨額基準結算，或同時變現資產及結算負債。

即期及遞延所得稅於損益中確認，惟有關於其他全面收益或直接於權益中確認的項目除外。在此情況下，稅項亦分別於其他全面收益或直接於權益中確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee benefits

(i) **Employee leave entitlements**

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

Employee entitlements to sick leave and maternity or paternity leaves are not recognised until the time of leave.

(ii) **Pension obligations**

The Group operates the Mandatory Provident Fund Scheme (“**MPF Scheme**”) in Hong Kong which is generally funded through payments to insurance companies under defined contribution plan. It pays contributions to administered pension insurance plans on a mandatory, contractual or voluntary basis. Moreover, all the employees of the Group’s entities incorporated in the PRC participate in employee social security plans, including pension, medical, housing and other welfare benefits, organised and administered by the local governments. The Group has no further payment obligations once these contributions have been paid. The contributions are recognised as employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2. 主要會計政策概要 (續)

2.19 僱員福利

(i) **僱員應享假期**

僱員應享年假在僱員享有時確認。已就截至報告日期因僱員提供服務而享有年假的估計責任作出撥備。

僱員應享病假及產假或陪產假於僱員休假時方予確認。

(ii) **退休金責任**

本集團於香港設有強制性公積金計劃（「**強積金計劃**」），該計劃一般透過根據定額供款向保險公司付款而注資。本集團向管理退休保險計劃作出強制、合約或自願性質供款。此外，所有身為本集團於中國註冊成立實體之僱員，均已參與由地方政府組織及管理之僱員社會保障計劃，涵蓋退休金、醫療、房屋及其他社會福利。本集團一經繳付供款後再無進一步付款責任。供款於應付時確認為僱員福利開支，並可由歸屬前離開計劃的僱員所放棄的全數供款撇減。預付供款按照現金退款或扣減未來付款而確認為資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee benefits (Continued)

(iii) Provision for bonus plans

Bonus payments to employees are discretionary to management. Bonus payments are recognised in profit or loss in the period when the Company has formally announced the bonus payments to employees.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset when the reimbursement is virtually certain.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2. 主要會計政策概要 (續)

2.19 僱員福利 (續)

(iii) 花紅計劃撥備

付予僱員的花紅付款由管理層酌情決定。在本公司正式宣佈向僱員支付花紅後，花紅付款於期內在損益中確認。

2.20 撥備

倘本集團因過往事件而導致現時須承擔法律或推定責任，而履行有關責任時可能需資源外流，且有關金額能可靠估計，則確認撥備。撥備不會就未來經營虧損作出確認。倘本集團預期撥備將獲償付，則償付額於實際可確定將獲償付之時作為單獨資產確認。

倘有多項相若責任，則會整體考慮有關類別責任以確定就履行責任造成流出的可能性。即使就同一類別責任當中的任何一項責任造成流出的可能性不高，但仍會確認撥備。

撥備乃按償付該責任預期所需開支以稅前利率（應能反映當時對金錢的時間值及該責任特定風險的市場評估）計算的現值衡量。因時間的流逝而增加的撥備確認為利息開支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- 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.

2. 主要會計政策概要 (續)

2.21 收入確認

(i) 客戶合約收入

收入按於本集團日常業務活動過程中銷售貨品及提供服務的已收代價或應收款項的公允值計量。收入乃經扣除折扣後及對銷集團公司的銷售額後列示。當收入的金額能夠可靠計量，未來經濟利益有可能流入有關實體，而本集團每項活動均符合具體條件時（如下文所述），本集團會確認收入。

收入乃於資產之控制權轉移至客戶時確認。視乎合約條款及應用至合約的法律，資產之控制權可經過一段時間或於某一時間點轉移。倘本集團在履約過程中滿足下列條件，資產之控制權乃經過一段時間轉移：

- 提供全部福利，而客戶亦同步收到並消耗有關福利；或
- 隨著本集團履約而創建並提升客戶所控制之資產；或
- 並無創建對本集團而言有替代用途之資產，而本集團具有可強制執行權利收回迄今已完成履約部份之款項。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

(i) Revenue from contracts with customers (Continued)

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

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

Revenue is recognised when specific criteria have been met for the Group's activities described below:

(a) provision of bare shell fit-out, restacking and reinstatement services

Revenue from the provision of these services is recognised over time as the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced. Thus, the Group satisfies a performance obligation over time, by reference to the actual costs incurred as a percentage of the total estimated costs for each contract.

(b) rendering of churn works, design, maintenance and other services

Revenue from the provision of these services is recognised when the services were rendered.

2. 主要會計政策概要 (續)

2.21 收入確認 (續)

(i) 客戶合約收入 (續)

倘資產之控制權經過一段時間轉移，收入乃參考已圓滿完成履約責任之進度而在合約期間內確認。否則，收入於客戶獲得資產之控制權之時間點確認。

圓滿完成履約責任之進度乃根據本集團為完成履約責任所作出的努力或投入（參考截至報告期末所產生的合約成本佔每份合約估計總成本的百分比）而計量。

收入於就本集團活動滿足特定條件時確認，詳情概述如下：

(a) 提供毛坯房裝潢、重裝及還原服務

提供該等服務所得收入於本集團之履約創造或增強客戶在資產被創造或改良時就控制之資產或在建工程的情況下，隨時間確認。因此，本集團參考已產生的實際成本佔各合約估計成本總額的百分比，隨時間履行履約責任。

(b) 提供零碎工程、設計、保養及其他服務

提供該等服務所得收入於提供服務時確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Revenue recognition *(Continued)*

(ii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivables is recognised using the original effective interest rate.

(iii) Dividend income

Dividends are recognised when the right to receive payment is established.

2.22 Leases

The Group has change its accounting policy as adopted HKFRS 16 “Leases” from 1 April 2019. The new accounting policy and the impact of the change is described in Note 3.

2.23 Dividend distribution

Dividend distribution to the Shareholders is recognised as a liability in the Group’s and Company’s financial statements in the period in which the final dividends are approved by the Company’s shareholders and interim dividends are approved by the Company’s Board.

3. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 “Leases” on the Group’s consolidated financial statements and discloses the new accounting policies that have been applied from 1 April 2019 in Note 3(b) below.

2. 主要會計政策概要 (續)

2.21 收入確認 (續)

(ii) 利息收入

利息收入採用實際利息法按時間比例基準確認入賬。倘應收款項出現減值時，本集團會將賬面值撇減至可收回款額，即估計的未來現金流量按該工具之原實際利率貼現值，並繼續將貼現計算並確認為利息收入。已減值應收款的利息收入利用原實際利率確認。

(iii) 股息收入

股息在收取款項的權利確定時確認。

2.22 租賃

本集團已自2019年4月1日起更改其會計政策，如已採納的香港財務報告準則第16號「租賃」。新會計政策及其變動的影響載述於附註3。

2.23 股息分派

向股東分派的股息於末期股息獲本公司股東批准期間及中期股息獲本公司董事會批准期間在本集團及本公司財務報表內確認為負債。

3. 會計政策變更

本附註解釋採納香港財務報告準則第16號「租賃」對本集團綜合財務報表的影響，並於下文附註3(b)披露自2019年4月1日起採納的新會計政策。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3. CHANGES IN ACCOUNTING POLICIES

(Continued)

The Group has adopted HKFRS 16 “Leases” from 1 April 2019, but has not restated comparatives for 31 March 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 April 2019.

(a) Adjustments recognised on adoption of HKFRS 16 “Leases”

On adoption of HKFRS 16 “Leases”, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 “Leases”. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate at 4.3% per annum as of 1 April 2019.

The measurement principles of HKFRS 16 are only applied after that date. The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 are as follows:

		HKD'000 千港元
Operating lease commitments disclosed as at 31 March 2019	於2019年3月31日披露的經營租賃承擔	5,573
Discounted using the lessee’s incremental borrowing rate of at the date of initial application	於初始應用日期採用增量借款利率進行貼現	4,353
Less: short-term leases recognised on a straight-line basis as expense	減：以直線法確認為費用之短期租賃	(57)
Add: adjustments as a result of a different treatment of extension options	加：因延期選擇權而進行不同處理的調整	2,869
Lease liabilities recognised as at 1 April 2019	於2019年4月1日確認之租賃負債	7,165
of which are:	其中：	
Current lease liabilities	流動租賃負債	2,295
Non-current lease liabilities	非流動租賃負債	4,870
		7,165

3. 會計政策變更 (續)

本集團自2019年4月1日起採納香港財務報告準則第16號「租賃」，惟並未重列2019年3月31日報告期間的比較數據，此乃獲準則之特定過渡性條文所允許。因此，因新租賃規則引起的重新分類及調整於2019年4月1日的期初綜合財務狀況表中確認。

(a) 採納香港財務報告準則第16號「租賃」時確認的調整

於採納香港財務報告準則第16號「租賃」時，本集團已就先前根據香港會計準則第17號「租賃」的原則分類為「經營租賃」的租賃確認租賃負債。該等租賃負債以剩餘租賃付款的現值計量，並採用承租人截至2019年4月1日的增量借款年利率4.3%進行貼現。

香港財務報告準則第16號的計量原則僅在該日期之後應用。於2019年4月1日的租賃負債與於2019年3月31日的經營租賃承擔對賬如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3. CHANGES IN ACCOUNTING POLICIES

(Continued)

(a) Adjustments recognised on adoption of HKFRS 16 “Leases” (Continued)

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 March 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

Properties	物業
Equipment	設備
Total right-of-use-assets	總使用權資產

Except for the above lease liabilities and right-of-use assets both increased by HKD7,165,000 recognised in the consolidated statement of financial position as at 1 April 2019, there are no impact to other items of the consolidated statement of financial position and retained earnings of the Group as at 1 April 2019.

3. 會計政策變更 (續)

(a) 採納香港財務報告準則第16號「租賃」時確認的調整 (續)

物業租賃相關之使用權資產乃按相等於租賃負債的金額計量，並於2019年3月31日在綜合財務狀況表確認與租賃有關的任何預付或應計租賃付款的款項進行調整。於初始應用日期，概無虧損性租賃合約需要對使用權資產進行調整。

已確認的使用權資產與以下資產類別相關：

At 31 March 2020 於2020年 3月31日 HKD'000 千港元	At 1 April 2019 於2019年 4月1日 HKD'000 千港元
4,457	6,948
404	217
4,861	7,165

除上述於2019年4月1日在綜合財務狀況表中皆增加確認7,165,000港元的租賃負債及使用權資產外，概無對本集團於2019年4月1日在綜合財務狀況中其他項目及保留盈利有影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3. CHANGES IN ACCOUNTING POLICIES

(Continued)

(a) Adjustments recognised on adoption of HKFRS 16 “Leases” (Continued)

The carrying amounts of the Group’s right-of-use assets and lease liabilities and the movements during the year ended 31 March 2020 are as follows:

		Right-of-use assets 使用權資產	Lease liabilities 租賃負債
		<i>HKD’000</i>	<i>HKD’000</i>
		千港元	千港元
At 1 April 2019	於2019年4月1日	7,165	7,165
Additions	添置	305	305
Depreciation	折舊	(2,564)	–
Interest expense	利息開支	–	318
Lease payments	租賃付款	–	(2,761)
Exchange difference	匯兌差額	(45)	(33)
		<u>4,861</u>	<u>4,994</u>
At 31 March 2020	於2020年3月31日	<u>4,861</u>	<u>4,994</u>
Analysed for reporting purpose as:	作報告用途之分析：		
Non-current	非流動	4,861	2,745
Current	流動	<u>–</u>	<u>2,249</u>
		<u>4,861</u>	<u>4,994</u>

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

		2020 2020年 HKD’000 千港元	2019 2019年 HKD’000 千港元
Depreciation on right-of-use assets:	使用權資產之折舊：		
Properties	物業	2,446	–
Equipment	設備	118	–
		<u>2,564</u>	–
Interest expenses on lease liabilities (included in finance costs)	租賃負債之利息開支 (包括在財務成本內)	318	–
Expenses relating to short-term leases (included in administrative expenses)	短期租賃開支 (包括在行政開支內)	51	–

The total cash outflow for leases during the year was HKD2,812,000.

3. 會計政策變更 (續)

(a) 採納香港財務報告準則第16號「租賃」時確認的調整 (續)

本集團之使用權資產及租賃負債的賬面值與其截至2020年3月31日止年度內之變動如下：

	Right-of-use assets 使用權資產	Lease liabilities 租賃負債
	<i>HKD’000</i>	<i>HKD’000</i>
	千港元	千港元
At 1 April 2019	7,165	7,165
Additions	305	305
Depreciation	(2,564)	–
Interest expense	–	318
Lease payments	–	(2,761)
Exchange difference	(45)	(33)
	<u>4,861</u>	<u>4,994</u>
At 31 March 2020	<u>4,861</u>	<u>4,994</u>
Analysed for reporting purpose as:		
Non-current	4,861	2,745
Current	<u>–</u>	<u>2,249</u>
	<u>4,861</u>	<u>4,994</u>

綜合損益及其他全面收益表顯示以下與租賃有關的金額：

	2020 2020年 HKD’000 千港元	2019 2019年 HKD’000 千港元
Depreciation on right-of-use assets:		
Properties	2,446	–
Equipment	118	–
	<u>2,564</u>	–
Interest expenses on lease liabilities (included in finance costs)	318	–
Expenses relating to short-term leases (included in administrative expenses)	51	–

年內的租賃現金流出總額為2,812,000港元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3. CHANGES IN ACCOUNTING POLICIES

(Continued)

(a) Adjustments recognised on adoption of HKFRS 16 “Leases” (Continued)

In applying HKFRS 16 “Leases” for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying HKAS 17 “Leases” and HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease”.

(b) The Group’s leasing activities and how these are accounted for

The Group leases various offices, warehouses, and equipment. Rental contracts are typically made for fixed periods of one to five years but some may have extension options as described in (i) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. There were no variable lease payments for the year ended 31 March 2020 and 2019.

Until the year ended 31 March 2019, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

3. 會計政策變更 (續)

(a) 採納香港財務報告準則第16號「租賃」時確認的調整 (續)

於首次應用香港財務報告準則第16號「租賃」時，本集團乃採用以下獲準則許可的實用權宜法：

- 對擁有合理相似特點的租賃組合採用單一貼現率；
- 於2019年4月1日剩餘租期少於12個月的經營租賃之會計處理為短期租賃；
- 在首次應用日期排除初始直接成本以計量使用權資產；及
- 當合約包含延長或終止租賃的選擇權時，以事後分析結果確定租期。

本集團亦已選擇不重新評估合約在首次應用日期是否或包含租賃。相反，對於在過渡日期之前訂立的合約，本集團依據其應用香港會計準則第17號「租賃」及香港（國際財務報告詮釋委員會）－詮釋第4號「釐定安排是否包括租賃」作出的評估。

(b) 本集團的租賃活動及其列賬方法

本集團租賃多個辦公室、倉庫及設備。租賃合約通常為1至5年的固定期限，惟部分擁有下文(i)所述的延期選擇權。租賃條款乃單獨協商達致，當中包含各種不同的條款及條件。截至2020年及2019年3月31日止年度概無可變租賃付款。

直至截至2019年3月31日止年度，物業、機器及設備之租賃分類為經營租賃。經營租賃的付款（扣除已收出租人的任何優惠）以直線法於租期內自損益扣除。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3. CHANGES IN ACCOUNTING POLICIES

(Continued)

(b) The Group's leasing activities and how these are accounted for (Continued)

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the asset's lease period on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments (including in-substance fixed lease payments), less any lease incentives receivable.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(i) Extension options

Extension options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Group and not by the respective lessor.

3. 會計政策變更 (續)

(b) 本集團的租賃活動及其列賬方法 (續)

自2019年4月1日起，租賃確認為使用權資產，並在租賃資產可供本集團使用之日確認相應租賃負債。每筆租賃付款乃分配至租賃負債及財務成本。財務成本於租期內自損益扣除，以計算出各期間租賃負債餘額的固定週期利率。使用權資產乃按資產租期以直線法折舊。

租賃產生的資產及負債初始以現值基準進行計量。租賃負債包括固定租賃付款（包括實質固定付款）的淨現值減任何應收租賃優惠。

租賃付款採用承租人的增量借款利率予以貼現，即承租人在類似經濟環境中以類似條款及條件獲得類似價值資產所需借入資金而必須支付的利率。

使用權資產按成本（包括租賃負債的初始計量金額）計量。

與短期租賃相關的付款和低價值資產的租賃以直線法於損益中確認為開支。短期租賃指租賃期為12個月或少於12個月的租賃。

(i) 延期選擇權

本集團的若干物業租賃包含延期選擇權。該等條款乃用於在管理合約方面盡量提升經營靈活性。所持有的大部分延期選擇權僅可由本集團行使，惟不得由有關出租人行使。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out under the policies approved by the Board. The Directors identifies and evaluates financial risks in close co-operations with its operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investing of excess liquidity.

(i) Market risk

(a) Foreign exchange risk

The Group mainly operates in Hong Kong and Mainland China and is exposed to foreign exchange risk primarily through financial instruments that are denominated in a currency other than the functional currency in which they are measured. The functional currency of the PRC subsidiary is Renminbi ("RMB"), and the functional currency of the HK subsidiaries is HKD. The subsidiary of the Group operate in PRC and their transactions are denominated in RMB. The Group did not have other significant exposure to foreign exchange risk. The Directors considered that the Group does not have material foreign exchange exposure.

(b) Cash flow and fair value interest rate risk

Other than deposits held in banks, the Group does not have significant interest-bearing assets. Fluctuation of market rates does not have a significant impact to the Group's performance.

4. 財務風險管理

4.1 財務風險因素

本集團的活動使其面臨多項財務風險：市場風險（包括外匯風險、現金流量及公允價值利率風險）、信貸風險及流動性風險。本集團的整體風險管理計劃集中於金融市場的難預測性，並尋求盡量降低本集團財務表現所遭受的潛在不利影響。

風險管理按照董事會批准的政策執行。董事與經營單位緊密合作以確定和評估財務風險。董事會為整體風險管理訂定指引，亦為若干特定範疇提供政策，例如外匯風險、利率風險、信貸風險，以及投資剩餘的流動資金。

(i) 市場風險

(a) 外匯風險

本集團主要於香港及中國內地經營，主要外匯風險乃源自計量除功能貨幣以外的一種貨幣的金融工具。於中國境內之附屬公司的功能貨幣為人民幣（「人民幣」），而於香港的附屬公司之功能貨幣則為港幣。本集團附屬公司乃於國內經營及其交易以人民幣計算，故本集團並無重大外匯風險。董事認為本集團並無重大外匯風險。

(b) 現金流量及公允價值利率風險

除存放於銀行的存款以外，本集團並無重大計息資產。市場利率的變動對本集團的表現無重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4. FINANCIAL RISK MANAGEMENT

(Continued)

4.1 Financial risk factors (Continued)

(i) Market risk (Continued)

(b) Cash flow and fair value interest rate risk (Continued)

The Group's exposure to changes in interest rates is mainly attributable to its borrowings which are at floating rates, and the Directors are of the opinion that the Group has minimal exposure to cash flow interest-rate risk as at 31 March 2020 and 2019.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk as the interest rate risk exposure is not significant.

(ii) Credit risk

Credit risk arises from cash and cash equivalents, contract assets, financial assets at FVPL, trade and retention receivables, deposits and other receivables. The Group's maximum exposure to credit risk is the carrying amounts of these financial assets.

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

(a) Credit risk of cash and cash equivalents

The Group's cash and cash equivalents were mainly deposited with high quality financial institutions. Therefore, the Directors do not expect any losses arising from non-performance by these counterparties.

4. 財務風險管理 (續)

4.1 財務風險因素 (續)

(i) 市場風險 (續)

(b) 現金流量及公允值利率風險 (續)

本集團面臨的利率變動風險主要來自其浮動利率的借款，及董事認為本集團於2020年及2019年3月31日的現金流量利率風險最小。

由於利率風險並不重大，本集團並未使用任何利率掉期對沖其利率風險。

(ii) 信貸風險

信貸風險自現金及現金等價物、合約資產、按公允價值計入損益的金融資產、貿易及保固金應收款、按金及其他應收款項產生。本集團面臨的最高信貸風險為該等金融資產的賬面值。

本集團設有信貸政策，並會持續監察該等信貸風險。

(a) 現金及現金等價物之信貸風險

本集團的現金及現金等價物主要存放於優質金融機構內。因此，董事預期不會因該等對手方不履約而產生任何虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4. FINANCIAL RISK MANAGEMENT

(Continued)

4.1 Financial risk factors (Continued)

(ii) Credit risk (Continued)

(b) Credit risk of deposits and other receivables

Deposits and other receivables were mainly rental and fit-out deposits, deposit for acquisition of a subsidiary, refundable deposits placed to subcontractors and suppliers and other miscellaneous receivables. The credit quality of deposits and other receivables has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties. Given the track record of transaction with and repayment from these counter-parties in full, the Directors are of the opinion that the risk of default by these counterparties is not significant and does not expect any losses from non-performance by the counterparties. Therefore, expected credit loss rate of the deposits and other receivables is assessed to be immaterial and no provision was made as at 31 March 2020 and 2019.

(c) Credit risk of contract assets and trade and retention receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all contract assets and trade and retention receivables.

4. 財務風險管理 (續)

4.1 財務風險因素 (續)

(ii) 信貸風險 (續)

(b) 按金及其他應收款項的信貸風險

按金及其他應收款項主要為租賃及裝潢按金、收購附屬公司之按金、應付次承判商及供應商的可退還按金以及其他應收雜項。按金及其他應收款項的信貸質素乃參考過往資料有關對手方違約率及對手方的財務狀況進行評估。鑒於該等對手方的交易及悉數償還之往績記錄，董事認為該等對手方之違約風險並不重大，並預期不會因對手方不履約而產生任何損失。因此，按金及其他應收款項的預期信貸虧損率並不重大，且於2020年及2019年3月31日並未作出撥備。

(c) 合約資產以及貿易及保固金應收款項的信貸風險

本集團採用簡化方法提供香港財務報告準則第9號所規定的預期信貸虧損，允許對所有合約資產以及貿易及保固金應收款項採用整個存續期預期信貸虧損撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4. FINANCIAL RISK MANAGEMENT

(Continued)

4.1 Financial risk factors (Continued)

(ii) Credit risk (Continued)

(c) Credit risk of contract assets and trade and retention receivables (Continued)

To measure the expected credit losses, contract assets and trade and retention receivables have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 24 month before 1 April 2019 and the corresponding historical credit losses experienced within this period.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Impairment losses on contract assets and trade and retention receivables are presented as impairment losses on financial assets in the consolidated statement of profit or loss and other comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

4. 財務風險管理 (續)

4.1 財務風險因素 (續)

(ii) 信貸風險 (續)

(c) 合約資產以及貿易及保固金應收款的信貸風險 (續)

為計量預期信貸虧損，合約資產以及貿易及保固金應收款已根據共有的信貸風險特徵及逾期天數分類。合約資產涉及未入賬在建工程，且與相同類型合約的貿易應收款項具有大致相同的風險特徵。因此，本集團認為，貿易應收款項的預期虧損率與合約資產虧損率合理地相若。

預期虧損率乃基於2019年4月1日之前24個月期間的銷售付款情況及本期間內所經歷的相應過往信貸虧損。

過往虧損率予以調整以反映影響客戶結算應收款項能力的有關宏觀經濟因素的當前及前瞻性資料。

合約資產以及貿易及保固金應收款的減值虧損於綜合損益及其他全面收益表中列作金融資產的減值虧損。先前已註銷金額的後續回收將記入同一行項目。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4. FINANCIAL RISK MANAGEMENT

(Continued)

4.1 Financial risk factors (Continued)

(ii) Credit risk (Continued)

(c) Credit risk of contract assets and trade and retention receivables (Continued)

The loss allowance as at 31 March 2020 and 2019 was determined as follows:

4. 財務風險管理 (續)

4.1 財務風險因素 (續)

(ii) 信貸風險 (續)

(c) 合約資產以及貿易及保固金應收款項的信貸風險 (續)

於2020年及2019年3月31日的虧損撥備釐定如下：

	Contract assets	Current	Trade receivables 貿易應收款項				Total
			More than 30 days past due 逾期 超過30天	More than 60 days past due 逾期 超過60天	More than 90 days past due 逾期 超過90天	More than 180 days past due 逾期 超過180天	
	合約資產	即期	超過30天	超過60天	超過90天	超過180天	合計
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
	千港元	千港元	千港元	千港元	千港元	千港元	千港元
31 March 2020	2020年3月31日						
Residential Properties	住宅物業						
Gross carrying amount	-	-	-	-	-	3,582	3,582
Loss allowance	-	-	-	-	-	3,582	3,582
Lifetime expected credit loss rate	-	-	-	-	-	100%	
Commercial Properties	商用物業						
Gross carrying amount	137,977	59,023	5,008	4,378	1,823	5,683	75,915
Loss allowance	1,018	437	75	177	62	654	1,405
Weighted average lifetime expected credit loss rate	0.7%	0.7%	1.5%	4.0%	3.4%	11.5%	
31 March 2019	2019年3月31日						
Residential Properties	住宅物業						
Gross carrying amount	-	-	-	-	-	3,582	3,582
Loss allowance	-	-	-	-	-	1,791	1,791
Lifetime expected credit loss rate	-	-	-	-	-	50%	
Commercial Properties	商用物業						
Gross carrying amount	120,062	97,695	4,857	6,310	3,016	2,679	114,557
Loss allowance	220	179	31	68	43	82	403
Weighted average lifetime expected credit loss rate	0.2%	0.2%	0.6%	1.1%	1.4%	3.1%	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4. FINANCIAL RISK MANAGEMENT

(Continued)

4.1 Financial risk factors (Continued)

(ii) Credit risk (Continued)

(c) Credit risk of contract assets and trade and retention receivables (Continued)

The movement of loss allowances for contract assets and trade receivables as at 31 March 2020 and 2019 are as follows:

Loss allowance as at 1 April 2018	於2018年4月1日的虧損撥備
Increase in loss allowance recognised in profit or loss	於損益中確認的虧損撥備增加
Written off as uncollectible during the year	年內無法收回而沖銷
Loss allowance as at 31 March 2019 and 1 April 2019	於2019年3月31日及2019年4月1日的虧損撥備
Increase in loss allowance recognised in profit or loss	於損益中確認的虧損撥備增加
Loss allowance as at 31 March 2020	於2020年3月31日的虧損撥備

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Given that there was no default for retention receivables in the past, the Directors considered the risk of default of retention receivables as at 31 March 2020 and 2019 is not significant. Therefore, expected credit loss rate of retention receivables and hence the loss allowance is assessed to be close to zero.

(d) Financial assets at FVPL

The Group exposed to credit risk in relation to debt investments that are measured at FVPL. As at 31 March 2020, the maximum exposure of the investment is the carrying amount of approximately HKD 7,094,000 (2019: HKD 7,831,000).

4. 財務風險管理 (續)

4.1 財務風險因素 (續)

(ii) 信貸風險 (續)

(c) 合約資產以及貿易及保固金應收款項的信貸風險 (續)

於2020年及2019年3月31日合約資產及貿易應收款的虧損撥備之變動如下：

	Contract assets 合約資產 HKD'000 千港元	Trade receivables 貿易應收款項 HKD'000 千港元
Loss allowance as at 1 April 2018	36	316
Increase in loss allowance recognised in profit or loss	184	3,142
Written off as uncollectible during the year	-	(1,264)
Loss allowance as at 31 March 2019 and 1 April 2019	220	2,194
Increase in loss allowance recognised in profit or loss	798	2,793
Loss allowance as at 31 March 2020	1,018	4,987

貿易應收款項於並無合理預期可予收回時撇銷。並無合理預期可予收回之跡象包括(其中包括)債務人未能與本集團達成還款計劃。

鑒於過往應收保固金並未違約，董事認為於2020年及2019年3月31日的應收保固金的違約風險並不重大。因此，應收保固金及虧損撥備的預期信貸虧損率經評估乃近乎零。

(d) 按公允價值計入損益的金融資產

本集團承受與按公允價值計量且其變動計入當期損益的債務投資有關的信用風險。於2020年3月31日，投資的最大風險為賬面值約7,094,000港元(2019年：7,831,000港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4. FINANCIAL RISK MANAGEMENT

(Continued)

4.1 Financial risk factors (Continued)

(iii) Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are based on the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

		On demand or less than 1 years 按要求或 一年以下 HKD'000 千港元	From 1 year to 2 years 由一年至 兩年 HKD'000 千港元	From 2 years to 5 years 由二年至 五年 HKD'000 千港元	Over 5 years 五年以上 HKD'000 千港元	Total contractual cash flows 合約現金流 總額 HKD'000 千港元	Carrying amounts 賬面值 HKD'000 千港元
At 31 March 2020	於2020年3月31日						
Trade payables (Note 23)	貿易應付款 (附註23)	201,835	-	-	-	201,835	201,835
Accruals and other payables (Note 23)	應計及其他應付款 (附註23)	2,420	-	-	-	2,420	2,420
Lease liabilities	租賃負債	2,469	1,744	1,174	-	5,387	4,994
At 31 March 2019	於2019年3月31日						
Trade payables (Note 23)	貿易應付款 (附註23)	203,641	-	-	-	203,641	203,641
Accruals and other payables (Note 23)	應計及其他應付款 (附註23)	6,282	-	-	-	6,282	6,282
Bank borrowings (Note 24)	銀行借款 (附註24)	12,800	-	-	-	12,800	12,800

As at 31 March 2020, the Group's net current asset is HKD128,222,000 (31 March 2019: HKD114,414,000.00).

4. 財務風險管理 (續)

4.1 財務風險因素 (續)

(iii) 流動性風險

流動性風險指實體難以履行以交付現金或另一金融資產的形式清償金融負債的相關責任的風險。

審慎的流動性風險管理指維持足夠的現金及現金等價物。

下表為將本集團的金融負債分類至相關到期組別後基於報告日期至合同到期日的剩餘期間作出的分析。下表披露的金額乃基於合約未貼現現金流量。由於貼現影響並不重大，故十二個月內到期的結餘等於其賬面值。

於2020年3月31日，本集團的流動資產淨值為128,222,000港元（2019年3月31日：114,414,000.00港元）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4. FINANCIAL RISK MANAGEMENT

(Continued)

4.2 Capital management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt.

The operating cash inflows of the Group are sufficient for investing activities including acquisition of new businesses.

The Group monitors its capital risk based on the gearing ratio. This ratio is calculated as total debt divided by total equity. Total debt is calculated as total bank borrowing as shown in the consolidated statement of financial position.

Total debt	負債總額
Total equity	權益總額
Gearing ratio	資產負債比率

No gearing ratio is presented as the Group did not have outstanding debt as at 31 March 2020.

4. 財務風險管理 (續)

4.2 資本管理

本集團的資本管理目標為保障其持續營運的能力，以為股東提供回報及為其他持份者提供利益以及維持最佳資本架構以減少資本成本。

為維持或調整資本架構，本集團可調整派付予股東的股息金額、向股東退還資本、發行新股或出售資產以減少債務。

本集團經營活動產生的現金流可足夠用於投資活動包括收購新業務。

本集團基於資產負債比率監控其資本風險。該比率按負債總額除以權益總額計算。負債總額按綜合財務狀況表所列之銀行借款總額計算。

2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
-	12,800
152,205	136,804
N/A 不適用	9.4%

由於本集團於2020年3月31日沒有任何未償還的負債，故未呈列資產負債比率。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4. FINANCIAL RISK MANAGEMENT

(Continued)

4.3 Fair value estimation

The following financial instruments carried at fair value are categories based on the level of inputs to valuation techniques within a fair value hierarchy. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Disclosures of the financial assets that is measured at fair value is set out in Note 16 and are included in level 3 of the fair value hierarchy for the year ended 31 March 2020 and 2019.

There were no transfers of financial assets between level 1, level 2 and level 3 fair value hierarchy classifications for the year ended 31 March 2020.

The fair value of financial assets and financial liabilities measured at amortised cost approximate their carrying amounts.

There are no other financial instruments that were measured at fair value as at 31 March 2020 and 2019.

There were no changes in valuation techniques for the year ended 31 March 2020.

4. 財務風險管理 (續)

4.3 公允價值估計

以下根據公允價值計量的金融工具進行分類，乃根據在公允價值層級中輸入估值技巧的級別釐定。不同層級的定義如下：

- 相同資產或負債在活躍市場的報價（未經調整）（第一層）；
- 除了第一層所包括的報價外，該資產和負債的可觀察的其他輸入，可為直接（即例如價格）或間接（即源自價格）（第二層）；
- 資產或負債並非依據可觀察市場數據的輸入（即非可觀察輸入）（第三層）。

有關公允價值計量的金融資產之披露載於附註16並於2020年及2019年3月31日均納入公允價值層級第三層級。

截至2020年3月31日止年度，第1層、第2層與第3層公允價值層級分類之間並無財務資產的轉撥。

按攤銷成本計量的金融資產和負債的公允價值乃與其賬面值相若。

於2020年及2019年3月31日，概無其他金融工具乃按公允價值計量。

截至2020年3月31日止年度，估值技巧概無變動。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4. FINANCIAL RISK MANAGEMENT

(Continued)

4.4 Offsetting financial assets and financial liabilities

The following table presents the recognised financial instruments that are offset as at 31 March 2020 and 2019.

2020
Financial assets
Deposits and other receivables

2020年
金融資產
按金及其他應收款

Financial liabilities
Trade payables

金融負債
貿易應付款

2019
Financial assets
Deposits and other receivables

2019年
金融資產
按金及其他應收款

Financial liabilities
Trade payables

金融負債
貿易應付款

Note:

As at 31 March 2020 and 2019, an advance due from a sub-contractor is offset against trade payables from the same sub-contractor pursuant to the sub-contracting agreement.

4. 財務風險管理 (續)

4.4 抵銷金融資產及金融負債

下表呈列於2020年及2019年3月31日已確認的抵銷金融工具。

	Gross amount	Gross amounts set off in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position
	總額	於綜合財務狀況表內抵銷總額	於綜合財務狀況表呈列的淨額
	HKD'000	HKD'000	HKD'000
	千港元	千港元	千港元
2020			
<i>Financial assets</i>			
Deposits and other receivables	<u>15,209</u>	<u>(3,650)</u>	<u>11,559</u>
<i>Financial liabilities</i>			
Trade payables	<u>205,485</u>	<u>(3,650)</u>	<u>201,835</u>
2019			
<i>Financial assets</i>			
Deposits and other receivables	<u>14,554</u>	<u>(3,650)</u>	<u>10,904</u>
<i>Financial liabilities</i>			
Trade payables	<u>207,291</u>	<u>(3,650)</u>	<u>203,641</u>

附註：

於2020年及2019年3月31日，根據分判協議，次承判商預付款項將抵銷同一次承判商的貿易應付款項。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from these involving estimations (see below), that the Directors have 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.

(i) Construction contracts

The Group reviews and revises the estimates of contract revenue, contract costs and variation orders prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by management on the basis of quotations from time to time provided by major subcontractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such significant estimates may have an impact on the profit recognised in each year.

5. 關鍵會計估計及判斷

估計及判斷會被持續評估，並基於過往經驗及其他因素（包括於有關情況下相信對未來事件的合理預期）。

5.1 關鍵會計估計及假設

本集團為未來作出估算及假設。所得之會計估計如其定義，很少與相關的實際結果相符。有關估計及假設將持續審閱。倘會計估計的修訂僅影響修訂估計的期間，修訂將僅於該期間確認，倘修訂同時影響現時及未來期間，則於修訂期間及未來期間確認。

除涉及估計（見下文）者外，以下關鍵判斷為董事在應用本集團會計政策過程中所作出並且對綜合財務報表內確認的金額構成最重要影響。

(i) 建築合約

本集團根據合約進度審閱及修訂就各建築合約估計合約收入、合約成本以及工程變更訂單。管理層根據主要分判商、供應商或賣方不時提供的報價及管理層之經驗編製建築成本預算。為確保預算準確及最新，管理層通過將預算金額與實際產生金額進行比較，對合約預算進行定期審查。該等重大估計或會對於各年度的溢利產生影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

5.1 Critical accounting estimates and assumptions *(Continued)*

(ii) Impairment losses on financial assets

The provision for contract assets and trade receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the customers' past payment history, the Group's historical default rates, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of management's credit risk assessment are disclosed in Note 4.1 (ii) (c).

(iii) Estimations in goodwill impairment assessment

The Group tests annually whether goodwill has suffered any impairment. For the purposes of impairment reviews, the recoverable amount of goodwill is determined based on the higher of fair value less costs of disposal or value in use calculations. The recoverable amount calculations primarily use cash flow forecast based on financial budgets and forecasts covering a period of five years approved by management and estimated terminal value at the end of the forecast period.

There are a number of assumptions and estimates involved in the preparation of cash flow forecast for the period covered by the approved budgets. Key assumptions include the growth rates and discount rates to reflect the risks involved. Management prepares the financial budgets and forecasts reflecting actual and prior year performance and market development expectations. Judgment is required to determine key assumptions adopted in the cash flow forecast and changes to key assumptions could affect these cash flow forecast and therefore the results of the impairment reviews.

5. 關鍵會計估計及判斷 *(續)*

5.1 關鍵會計估計及假設 *(續)*

(ii) 金融資產減值虧損

合約資產及貿易應收款之撥備乃根據有關違約風險及預期虧損率之假設釐定。本集團於作出該等假設及於選擇減值計算的輸入數據時，根據客戶過往的還款記錄、本集團之歷史違約率、現行市況及於各報告期末的前瞻性估計而作出判斷。管理層信貸風險評估之詳情於附註4.1 (ii) (c) 披露。

(iii) 商譽減值評估的估計

本集團每年均為商譽進行減值測試，為檢討減值，商譽的可收回金額按公平值減出售成本或使用價值計算法（以較高者為準）釐定。可收回金額計算法主要採用以管理層所批准涵蓋五年期的財務預算及預測為依據的現金流量預測以及預測期終的估計最終價值。

編製獲批准預算所涵蓋期間內的現金流量預測涉及多項假設與估計。主要的假設包括增長率及貼現率以反映所涉及風險。管理層編製反映實際與過往年度表現及市場發展預期的財務預算及預測。於現金流量預測中採用的主要假設須作出判斷才能確定，主要假設的變化可能影響此等現金流量預測，並因而影響減值檢討的結果。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

6. REVENUE AND SEGMENT INFORMATION

Bare shell fit-out	毛坯房裝潢
Restacking	重裝
Reinstatement	還原
Design	設計
Churn works	零碎工程
Maintenance and others	保養及其他

The Group's revenue mainly represents revenue from the provision of interior fit-out solutions for the year ended 31 March 2020 and 2019.

Revenue generated from bare shell fit-out, restacking and reinstatement services were recognised over time while revenue generated from churn works, design, maintenance and other services were recognised at a point in time for the year ended 31 March 2020 and 2019.

The executive Directors have been identified as the chief operating decision makers ("CODM") of the Group who review the Group's internal reporting in order to assess performance and allocate resources. The Group focuses on provision of interior fit-out solutions in Hong Kong and the PRC for the year ended 31 March 2020 and 2019. Information reported to the CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Directors regard the Group's business as a single operating segment and review consolidated financial statements accordingly. The Group primarily operates in Hong Kong and started its business in the PRC in May 2018. Revenue generated from customers in the PRC is also related to the provision of interior fit-out solutions and the reported geographical segment information is presented below.

6. 收入及分部資料

2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
542,037	557,268
58,506	37,598
16,650	34,651
5,531	9,563
13,836	9,587
1,470	1,788
638,030	650,455

本集團截至2020年及2019年3月31日止年度的收入主要為提供室內裝潢解決方案所得的收入。

截至2020年及2019年3月31日止年度由毛坯房裝潢、重裝及還原服務而產生的收入乃隨時間而確認，而由零碎工程、設計、保養及其他服務而產生的收入乃根據某個時間點而確認。

執行董事已被確認為本集團的主要經營決策者（「主要經營決策者」），負責審閱本集團的內部報告，以評估表現及分配資源。截至2020年及2019年3月31日止年度，本集團專注於在香港及中國提供室內裝潢解決方案。由於董事將本集團的業務視為單一經營分部並相應審閱綜合財務報表，故就資源分配及表現評估而言，向主要經營決策者呈報的資料側重於本集團的整體經營業績。本集團主要於香港經營業務並自2018年5月在中國開展業務。來自於中國客戶的收入亦與提供室內裝潢解決方案有關，及其呈報地理分部資料列示如下。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

The geographical location of customers is based on the location at which the service provided. The Group's operations and workforce are mainly located in Hong Kong and the PRC. The following table provides an analysis of the Group's revenue from external customers.

		2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
Hong Kong	香港	593,950	627,090
The PRC	中國	44,080	23,365
		638,030	650,455

Information about major customers

Revenue from customers contributing over 10% of the Group's total revenue are set out below.

		2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
Customer A	客戶 A	N/A (Note) 不適用 (附註)	102,328
Customer B	客戶 B	N/A (Note) 不適用 (附註)	67,069

Note: The corresponding revenue did not contribute over 10% of the Group's total revenue.

6. 收入及分部資料 (續)

地理資料

客戶的地理位置乃基於提供服務的位置。本集團之經營及人力主要位於香港及中國。下表載列本集團來自外部客戶的收入分析。

主要客戶資料

來自佔本集團總收入超過10%的客戶的收入載列如下。

附註： 相應收入不超過本集團總收入之10%。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

7. EXPENSES BY NATURE

The Group's profit for the year ended 31 March 2020 and 2019 are stated after charging the following cost of sales and administrative expenses:

7. 按性質劃分的開支

本集團截至2020年及2019年3月31日止年度的溢利經扣除以下銷售成本及行政開支後，載列如下：

		2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
Subcontracting charges	分包費用	528,058	537,290
Staff costs (Note 9)	員工成本 (附註9)	46,410	39,162
Cleaning expenses	清潔費用	8,329	8,148
Insurance expenses	保險開支	3,465	3,209
Operating lease payments	經營租賃付款	-	2,237
Short-term lease payments (Note 3(a))	短期租賃付款 (附註3(a))	51	-
Auditor's remuneration	核數師薪酬		
- Audit service	- 審核服務	1,250	1,200
- Non-audit service	- 非審核服務	345	345
Depreciation on right-of-use assets (Note 3(a))	使用權資產之折舊 (附註3(a))	2,564	-
Depreciation on property, plant and equipment (Note 13)	物業、廠房及設備之折舊 (附註13)	1,112	891
Amortisation of intangible assets (Note 14)	無形資產攤銷 (附註14)	208	2,487
Legal and professional fees	法律及專業費用	5,406	4,814
Other expenses	其他開支	8,485	9,636
Total cost of sales and administrative expenses	銷售成本及行政開支總額	605,683	609,419
Representing:	其中：		
Cost of sales	銷售成本	572,962	579,608
Administrative expenses	行政開支	32,721	29,811
		605,683	609,419

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

8. FINANCE INCOME/(COSTS) – NET

Interest income from bank deposits	銀行存款利息收入
Bank interest expense on bank borrowings	銀行借款之銀行利息開支
Interest expense on lease liabilities (Note 3(a))	租賃負債之利息開支 (附註3(a))
Unwinding of interests on contingent consideration payable	應付或然代價之平倉利息

8. 財務收入／（成本）－淨額

2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
410	60
(49)	(127)
(318)	–
–	(249)
43	(316)

9. STAFF COSTS, INCLUDING DIRECTORS' EMOLUMENTS

Salaries, bonuses and allowances	薪金、花紅及津貼
Retirement benefits contributions	退休福利供款

9. 員工成本（包括董事酬金）

2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
44,880	38,179
1,530	983
46,410	39,162

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included four (2019: three) Directors whose emoluments are reflected in Note 31(a). The emoluments paid and payable to the remaining one (2019: two) individuals during the year are as follows:

五名最高薪酬人士

年內在本集團內薪酬最高之5名人士包括4名（2019年：3名）董事，其薪酬在附註31(a)中反映。年內已付餘下1名（2019年：2名）人士之薪酬如下：

Basic salaries and bonuses	基本薪金及花紅
Retirement benefits contributions	退休福利供款

2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
1,567	2,553
18	36
1,585	2,589

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

9. STAFF COSTS, INCLUDING DIRECTORS' EMOLUMENTS (Continued)

Five highest paid individuals (Continued)

The emoluments fell within the following bands:

Emolument bands	酬金範圍
HKD1,000,001 to HKD1,500,000	1,000,001港元至 1,500,000港元
HKD1,500,001 to HKD2,000,000	1,500,001港元至 2,000,000港元

9. 員工成本（包括董事酬金）（續）

五名最高薪酬人士（續）

有關酬金介於以下範圍：

Number of individuals 人數

2020 2020年	2019 2019年
-	2
1	-
1	2

10. INCOME TAX EXPENSE

Current income tax	即期所得稅
- Hong Kong profits tax	- 香港利得稅
- PRC enterprise income tax	- 中國企業所得稅
(Over)/under-provision for prior years	往年（超額撥備）／撥備不足
Deferred tax (Note 25)	遞延稅項（附註25）

10. 所得稅開支

2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
4,627	7,896
2,065	79
(555)	43
184	(942)
6,321	7,076

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 gazette on the following day. Pursuant to the two-tiered profits tax rates regime, the first HKD2 million of assessable profits of the qualifying group entity will be taxed at 8.25%, and assessable profits above HKD2 million will be taxed at 16.5%. The assessable profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

於2018年3月21日，香港立法會通過《2017年稅務（修訂）（第7號）條例草案》（「條例草案」），引入兩級利得稅稅率制度。條例草案於2018年3月28日簽署成為法律，並於翌日刊登憲報。根據兩級利得稅稅率制度，合資格集團實體的首2百萬港元應課稅溢利將按8.25%的稅率徵稅，而超過2百萬港元的應課稅溢利則按16.5%的稅率徵稅。不符合兩級利得稅稅率制度資格的集團實體之應課稅溢利將繼續沿用16.5%的統一稅率徵稅。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

10. INCOME TAX EXPENSE (Continued)

Accordingly, the Hong Kong profits tax of Sanbase Interior Contracting Limited is calculated at 8.25% (2019: 8.25%) on the first HKD2 million (2019: HKD2 million) of the estimated assessable profits and at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits above HKD2 million (2019: HKD2 million) for the year.

Under the Law of the PRC on enterprise income tax (“EIT”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% (2019: 25%).

No provision for income tax in other jurisdictions has been made as the Group had no assessable profit in other jurisdictions during the year.

The taxation on the Group’s profit before income tax differs from the theoretical amount that would arise using the tax rates applicable to the respective companies of the Group as follows:

10. 所得稅開支 (續)

故此，本年度誠和樂有限公司之香港利得稅乃按估計應課稅溢利的首2百萬港元（2019年：2百萬港元）以8.25%（2019年：8.25%）的稅率計算，超過2百萬港元（2019年：2百萬港元）的估計應課稅溢利按16.5%（2019年：16.5%）的稅率計算。

根據中國企業所得稅法（「企業所得稅」）及企業所得稅法實施條例，中國附屬公司之稅率為25%（2019年：25%）。

本集團於年內在其他司法權區並無取得應課稅溢利，故無就其他司法權區的所得稅作出撥備。

本集團就除稅前溢利的稅項，與本集團各公司採用的適用稅率計算的理論稅額有所不同，載列如下：

		2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
Profit before income tax	除稅前溢利	28,062	37,394
Tax calculated at respective statutory tax rate	按個別的法定稅率計算的稅項	4,465	6,005
Different taxation rate in other country	其他國家不同稅率	807	(71)
Expenses not deductible for tax purposes	不可扣稅開支	67	82
Income not subject to income tax	無須課稅的收入	(84)	-
Recognition of other temporary difference	確認其他暫時性差異	366	64
Tax loss not recognised	未確認稅務虧損	1,255	953
(Over)/under-provision in prior years	往年（超額撥備）／撥備不足	(555)	43
Income tax expense	所得稅開支	6,321	7,076

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue less the total number of shares held under share award scheme during the year ended 31 March 2020 and 2019.

Profit attributable to owners of the Company (HKD'000)	本公司擁有人應佔溢利 (千港元)
Weighted average number of ordinary shares in issue less shares held under share award scheme (in thousand)	已發行普通股的加權 平均數減股份獎勵 計劃下所持股份(千股)
Basic earnings per ordinary share (HK cents)	每股普通股基本盈利 (港仙)

(b) Diluted

There were no outstanding share options as at 31 March 2020 and 2019 and have no potential dilutive ordinary share in issue. Accordingly, diluted earnings per share is equal to basic earnings per share.

12. DIVIDEND

The Board do not recommend the payment of a final dividend for the year ended 31 March 2020 whereas a final dividend of HK3.1 cents per share, totalling HKD6,200,000 for the year ended 31 March 2019 have been proposed by the Board and approved by the Shareholders at the annual general meeting of the Company held on 10 September 2019.

11. 每股盈利

(a) 基本

每股基本盈利乃按截至2020年及2019年3月31日止年度本公司擁有人應佔溢利除以已發行普通股的加權平均數減股份獎勵計劃下所持股份總數計算。

2020 2020年	2019 2019年
16,224	28,116
197,944	199,449
8.20	14.10

(b) 攤薄

於2020年及2019年3月31日，概無尚未行使之購股權及並無已發行之潛在可攤薄普通股。因此，每股攤薄盈利與每股基本盈利相同。

12. 股息

董事會不建議就截至2020年3月31日止年度派付末期股息。而董事會已建議並經股東於2019年9月10日舉行的本公司股東週年大會上批准就截至2019年3月31日止年度派付每股3.1港仙的末期股息，共計6,200,000港元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

		Furniture and equipment 傢俬及設備 HKD'000 千港元	Leasehold improvements 租賃裝修 HKD'000 千港元	Motor vehicle 車輛 HKD'000 千港元	Total 合計 HKD'000 千港元
At 1 April 2018	於2018年4月1日				
Cost	成本	488	2,106	-	2,594
Accumulated depreciation	累計折舊	(224)	(132)	-	(356)
Net book amount	賬面淨值	264	1,974	-	2,238
Year ended 31 March 2019	截至2019年3月31日止年度				
Net book amount at 1 April	於4月1日的賬面淨值	264	1,974	-	2,238
Additions	添置	591	-	475	1,066
Acquisition of subsidiaries	收購附屬公司	134	240	-	374
Depreciation charge (Note 7)	折舊費用(附註7)	(283)	(598)	(10)	(891)
Exchange difference	匯兌差額	(4)	-	-	(4)
Net book amount at 31 March	於3月31日的賬面淨值	702	1,616	465	2,783
At 31 March 2019	於2019年3月31日				
Cost	成本	1,323	2,463	475	4,261
Accumulated depreciation	累計折舊	(621)	(847)	(10)	(1,478)
Net book amount	賬面淨值	702	1,616	465	2,783
Year ended 31 March 2020	截至2020年3月31日止年度				
Net book amount at 1 April	於4月1日的賬面淨值	702	1,616	465	2,783
Additions	添置	208	317	-	525
Depreciation charge (Note 7)	折舊費用(附註7)	(356)	(637)	(119)	(1,112)
Exchange difference	匯兌差額	(2)	-	-	(2)
Net book amount at 31 March	於3月31日的賬面淨值	552	1,296	346	2,194
At 31 March 2020	於2020年3月31日				
Cost	成本	1,523	2,780	475	4,778
Accumulated depreciation	累計折舊	(971)	(1,484)	(129)	(2,584)
Net book amount	賬面淨值	552	1,296	346	2,194

Depreciation expenses of approximately HKD1,112,000 (2019: HKD891,000) have been charged to “administrative expenses” for the year ended 31 March 2020.

於截至2020年3月31日止年度，約1,112,000港元(2019年：891,000港元)的折舊開支已計入「行政開支」。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

14. INTANGIBLE ASSETS

14. 無形資產

		Goodwill	Customer relationship and contracts 客戶關係及 合約	Total
		商譽 HKD'000 千港元	合約 HKD'000 千港元	合計 HKD'000 千港元
At 1 April 2018	於2018年4月1日			
Cost	成本	–	–	–
Accumulated amortisation	累計攤銷	–	–	–
Net book amount	賬面淨值	–	–	–
Year ended 31 March 2019	截至2019年3月31日止年度			
Net book amount at 1 April	於4月1日的賬面淨值	–	–	–
Acquisition of subsidiaries	收購附屬公司	9,544	2,870	12,414
Amortisation charge (Note 7)	攤銷費用(附註7)	–	(2,487)	(2,487)
Net book amount at 31 March	於3月31日的賬面淨值	9,544	383	9,927
At 31 March 2019	於2019年3月31日			
Cost	成本	9,544	2,870	12,414
Accumulated amortisation	累計攤銷	–	(2,487)	(2,487)
Net book amount	賬面淨值	9,544	383	9,927
Year ended 31 March 2020	截至2020年3月31日止年度			
Net book amount at 1 April	於4月1日的賬面淨值	9,544	383	9,927
Amortisation charge (Note 7)	攤銷費用(附註7)	–	(208)	(208)
Net book amount at 31 March	於3月31日的賬面淨值	9,544	175	9,719
At 31 March 2020	於2020年3月31日			
Cost	成本	9,544	2,870	12,414
Accumulated amortisation	累計攤銷	–	(2,695)	(2,695)
Net book amount	賬面淨值	9,544	175	9,719

Amortisation charge of approximately HKD208,000 (2019: HKD2,487,000) have been charged to “administrative expenses” for the year ended 31 March 2020.

於截至2020年3月31日止年度，約208,000港元(2019年：2,487,000港元)的攤銷費用已計入「行政開支」。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

14. INTANGIBLE ASSETS (Continued)

The Group's goodwill of HKD6,470,000 (2019: HKD 6,470,000) and HKD3,074,000 (2019: HKD 3,074,000) were arisen from the acquisitions of Core Group and GZ Siwu during the year ended 31 March 2019 respectively. Details please refer Note 15. The Directors considers Core Group and GZ Siwu as two separate cash generating units ("CGUs") and allocates goodwill resulting from the said acquisitions accordingly.

The Directors reviews annually whether the carrying amount of a CGU is higher than the recoverable amount which results in impairment of goodwill. The recoverable amount of a CGU is determined based on financial budget approved by the Directors covering a five-year period. Key assumptions used in the calculation includes pre-tax discount rates ranging from 18% to 22% (2019: 19% to 23%), revenue growth rates 0% (2019: ranging from 0% to 8%) and gross profit margin ranging from 8% to 20% (2019: 13% to 17%) for the five-year forecast period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 3% (2019: 3%).

The Directors determined the revenue growth rate and gross profit margin based on past performance of the CGUs and their expectations for the market development. The discount rates applied by the Group are rates that reflect current market assessment of the time value of money and risk specific to each CGU.

Based on the assessment of the cash flow projections of the two CGUs, the Directors considered that there is no impairment of goodwill for the year ended 31 March 2020 and 2019.

Since the carrying amounts of the Group's CGUs are not sensitive to the changes in assumption, no security analysis is disclosed.

14. 無形資產 (續)

本集團之商譽6,470,000港元(2019年: 6,470,000港元)及3,074,000港元(2019年: 3,074,000港元)分別產生自於截至2019年3月31日止年度內收購Core Group及廣州斯五。詳情請參閱附註15。董事將Core Group及GZ Siwu視為兩個單獨的現金產生單位(「現金產生單位」)並據此分配自上述收購產生之商譽。

董事每年檢討現金產生單位賬面值是否高於可收回金額以致產生商譽減值。現金產生單位的可收回金額按董事批准的涵蓋五年期間的財政預算而釐定。計算所採用的關鍵假設包括五年預測期介乎18%至22%(2019年: 19%至23%)的稅前貼現率、0%收入增長率(2019年: 介乎0%至8%的收入增長率)及介乎8%至20%(2019年: 13%至17%)的毛利率。超逾五年期之現金流量則採用3%(2019年: 3%)的估計增長率推算。

董事根據現金產生單位之過往表現及市場發展預期釐定收入增長率及毛利率。本集團應用之貼現率乃反映現時市場對金錢時間價值及該現金產生單位特定風險的評估。

在評估兩個現金產生單位的現金流預測後,董事認為截至2020年及2019年3月31日止年度並無商譽減值。

由於本集團現金產生單位之賬面值並不會對假設之變動作出敏感反應,並無披露敏感度分析。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15. BUSINESS COMBINATIONS

(a) Acquisition of the Core Group Holding Limited

On 12 April 2018, the Group acquired 60% equity interests in Core Group, the subsidiary of which is a service provider of interior design and interior fit-out solutions for commercial premises in Hong Kong, at a consideration of approximately HK\$9,771,000. The acquisition is expected to increase the Group's market share.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration
– Cash paid
– Contingent consideration (i)

Total purchase consideration

The assets and liabilities recognised as a result of the acquisition are as follows:

Property, plant and equipment
Intangible assets
Trade and retention Receivables
Deposits, other receivables, and prepayments
Contract assets
Cash and cash equivalents
Trade payables
Accruals and other payables
Contract liabilities
Current income tax liabilities
Deferred tax liabilities

Net identifiable assets acquired
Less: non-controlling interests
Add: goodwill

15. 業務合併

(a) 收購 Core Group Holding Limited

於2018年4月12日，本集團收購Core Group（其附屬公司為一間香港商用物業室內設計及室內裝潢解決方案服務供應商）的60%股權，代價為約9,771,000港元。該收購事項預計可增加本集團市場份額。

購買代價，所收購資產淨值及商譽詳情如下：

HKD'000
千港元

購買代價
– 已付現金 6,012
– 或然代價(i) 3,759

購買代價總額 9,771

由於進行收購而確認的資產及負債如下：

Fair value
公允價值
HKD'000
千港元

物業、廠房及設備 283
無形資產 2,647
貿易應收款項及應收保固金 6,783
按金、其他應收款項及預付款項 2,568
合約資產 10,053
現金及現金等價物 11,691
貿易應付款項 (15,345)
應計項目及其他應付款項 (7,042)
合約負債 (3,987)
即期所得稅負債 (1,713)
遞延稅項負債 (437)

已收購可識別資產淨額 5,501
減：非控股權益 (2,200)
加：商譽 6,470

9,771

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15. BUSINESS COMBINATIONS (Continued)

(a) Acquisition of the Core Group Holding Limited (Continued)

The goodwill is attributable to Core Group's strong position and profitability in interior design market and synergies expected to arise after the Group's acquisition of the subsidiary. None of the goodwill is expected to be deductible for tax purposes.

(i) Contingent consideration

The contingent consideration arrangement requires the Group to pay the former owner of the Core Group 40% of the total consideration amounted to approximately HK\$3,759,000 in March 2019. The payment is contingent on the result of the operating subsidiary of the Core Group for the year ended 31 December 2018. The fair value of such consideration is estimated calculating the present value of future expected cash flow.

(ii) Revenue and result contribution

The acquisition of Core Group contributed revenue of approximately HK\$179,057,000 and profit of approximately HK\$8,145,000 since the date of acquisition to 31 March 2019. Revenue and profit of Core Group from 1 April 2018 to 12 April 2018 were not significant.

(iii) Acquisition related cost

Acquisition-related cost were not significant and have been included in administrative expenses in the profit or loss and in operating cash flow in the statement of cash flows.

(iv) Purchase consideration – net cash inflow

Outflow of cash to acquire subsidiary,
net of cash acquired
Cash Consideration
Less: Cash acquired

Net inflow of cash – investing activities

15. 業務合併 (續)

(a) 收購 Core Group Holding Limited (續)

商譽歸因於 Core Group 在室內設計市場的穩固地位及盈利能力，以及本集團收購附屬公司後預期產生的協同效應。預期所有商譽為不可扣稅。

(i) 或然代價

或然代價安排要求本集團於2019年3月向 Core Group 的前擁有人支付總代價的40% (約3,759,000港元)。該付款視乎 Core Group 的營運附屬公司於截至2018年12月31日止年度的業績而定。該代價的公允價值乃按未來預期現金流量的現值估計得出。

(ii) 收入及業績貢獻

自收購日期起計至2019年3月31日，收購 Core Group 貢獻收入約179,057,000港元及利潤約8,145,000港元。Core Group 自2018年4月1日至2018年4月12日之收入及利潤屬不重大。

(iii) 收購相關成本

收購相關成本屬不重大且已計入損益的行政開支及現金流量表的經營現金流量。

(iv) 購買代價—現金流入淨額

HKD'000
千港元

收購附屬公司的現金流出，
所取得的現金淨額
現金代價 (6,012)
減：收購所得之現金 11,691

現金流入淨額—投資活動 5,679

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15. BUSINESS COMBINATIONS (Continued)

(b) Acquisition of the Guangzhou Siwu

On 8 May 2018, the Group acquired 65% equity interests in Siwu Guangzhou, a service provider of interior design and interior fit-out solutions for commercial premises in the PRC, for consideration of approximately RMB2,401,000 (approximately HK\$2,958,000). The acquisition is expected to increase the Group's market share.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration
Cash paid

15. 業務合併 (續)

(b) 收購 Siwu Architectural (Guangzhou) Limited

於2018年5月8日，本集團收購 Siwu Guangzhou (為中國商用物業室內設計及室內裝潢解決方案服務供應商)的65%股權，代價為約人民幣2,401,000元(約2,958,000港元)。該收購事項預計可增加本集團市場份額。

購買代價、所收購資產淨值及商譽詳情如下：

HKD'000
千港元

購買代價
已付現金

—
2,958

The assets and liabilities recognised as a result of the acquisition are as follows:

由於進行收購而確認的資產及負債如下：

Property, plant and equipment
Intangible assets
Trade and retention receivables
Contract assets
Cash and cash equivalents
Trade payables
Accruals and other payables
Contract liabilities
Inventories
Deferred tax liabilities

物業、廠房及設備
無形資產
貿易應收款項及應收保固金
合約資產
現金及現金等價物
貿易應付款項
應計項目及其他應付款項
合約負債
存貨
遞延稅項負債

Fair value
公允價值
HKD'000
千港元

91
223
3,113
3,768
1,010
(5,182)
(3,206)
(680)
741
(56)

Net identifiable assets acquired
Add: non-controlling interests
Add: goodwill

已收購可識別資產淨額
加：非控股權益
加：商譽

(178)
62
3,074

2,958

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15. BUSINESS COMBINATIONS (Continued)

(b) Acquisition of the Guangzhou Siwu

(Continued)

The goodwill is attributable to Siwu Guangzhou's strong position and profitability in interior design market and synergies expected to arise after the Group's acquisition of the subsidiary. None of the goodwill is expected to be deductible for tax purposes.

(i) Revenue and result contribution

The contribution of revenue and result from the acquisition of Siwu Guangzhou is not significant to the Group for the year ended 31 March 2019.

(ii) Acquisition related cost

Acquisition-related cost was not significant and have been included in administrative expenses in the profit or loss and in operating cash flow in the statement of cash flows.

(iii) Purchase consideration – net cash inflow

Outflow of cash to acquire subsidiary,
net of cash acquired
Cash Consideration
Less: Cash acquired
Less: prepaid during the year ended
31 March 2018

Net outflow of cash – investing activities

15. 業務合併 (續)

(b) 收購 Siwu Architectural (Guangzhou) Limited (續)

商譽歸因於 Siwu Guangzhou 在室內設計市場的穩固地位及盈利能力，以及本集團收購附屬公司後預期產生的協同效應。預期所有商譽為不可扣稅。

(i) 收入及業績貢獻

於截至2019年3月31日止年度，收購 Siwu Guangzhou 產生之收入及業績貢獻對本集團而言並不重大。

(ii) 收購相關成本

收購相關成本屬不重大且已計入損益的行政開支及現金流量表的經營現金流量。

(iii) 購買代價—現金流出淨額

HKD'000
千港元

收購附屬公司的現金流出，所取得的
現金淨額

現金代價 2,958
減：所獲得現金 (1,010)
減：2018年度預付款
(1,218)

現金流出淨額—投資活動

730

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group classifies the debt investments that do not qualify for measurement at either amortised cost or FVOCI, at FVPL. Financial assets measured at FVPL include the following:

Non-current assets

Unlisted debt investments

非流動資產

非上市債務投資

At 1 April	於4月1日
Addition	增加
Fair value changes	公允值變動
At 31 March	於3月31日

As at 31 March 2020, the Group's unlisted debt investment of HKD7,094,000 (2019:HKD7,831,000) represented debt instrument in an unlisted fund with limited liability incorporated in Cayman Islands.

As at 31 March 2020 and 2019, the Group's unlisted debt investment is measured at fair value and were denominated in United States dollars ("US\$").

16. 按公允值計量且其變動計入損益的金融資產

本集團將不符合按攤銷成本或按公允值計量且其變動計入其他全面收益或按公允值計量且其變動計入損益（按公允值計量且其變動計入損益）的債務投資進行分類。按公允值計量且其變動計入損益的金融資產包括以下各項：

2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
7,094	7,831
2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
7,831	-
-	7,831
(737)	-
7,094	7,831

於2020年3月31日，本集團的非上市債務投資為7,094,000港元（2019年：7,831,000港元），乃於開曼群島註冊成立且附帶有限責任的非上市基金的債務工具。

於2020年及2019年3月31日，本集團的非上市債務投資乃以公允值計量且以美元（「美元」）計值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

17. FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

17. 按類別劃分的金融工具

本集團持有以下金融工具：

		2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
Assets as per consolidated statement of financial position	綜合財務狀況表所示資產		
Financial assets at amortised cost	按攤銷成本計量的金融資產		
– Trade and retention receivables (Note 18)	– 貿易及保固金應收款 (附註18)	75,556	122,136
– Deposits and other receivables (Note 20)	– 按金及其他應收款 (附註20)	11,559	10,904
– Cash and cash equivalents (Note 21)	– 現金及現金等價物 (附註21)	<u>120,321</u>	<u>106,009</u>
		207,436	239,049
Financial assets at FVPL (Note 16)	按公允值計量且其變動計入損益的金融資產 (附註16)	<u>7,094</u>	7,831
Total	合計	<u>214,530</u>	<u>246,880</u>
Liabilities as per consolidated statement of financial position	綜合財務狀況表所示負債		
Financial liabilities measured at amortised costs:	按攤銷成本計量的金融負債：		
– Trade payables (Note 23)	– 貿易應付款 (附註23)	201,835	203,641
– Accruals and other payables (Note 23)	– 應計及其他應付款 (附註23)	2,420	6,282
– Bank borrowing (Note 24)	– 銀行借款 (附註24)	–	12,800
– Lease liabilities (Note 3(a))	– 租賃負債 (附註3(a))	<u>4,994</u>	–
Total	合計	<u>209,249</u>	<u>222,723</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

18. TRADE AND RETENTION RECEIVABLES 18. 貿易及保固金應收款

		Note 附註	2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
Trade receivables	貿易應收款	(a)	79,497	118,139
Less: provision for impairment of trade receivables	減：貿易應收款減值撥備		(4,987)	(2,194)
Trade receivables – net	貿易應收款－淨額		74,510	115,945
Retention receivables	保固金應收款	(b)	1,046	6,191
Trade and retention receivables – net	貿易及保固金應收款－淨額		75,556	122,136

Trade and retention receivables balances are categorised as “financial assets measured at amortised cost”. The maximum exposure to credit risk as at 31 March 2020 and 2019 was the carrying value of each class of receivables mentioned above. The Group did not hold any collateral as security. The carrying amounts of trade and retention receivables approximate their fair values. The trade and retention receivables were mainly denominated in HKD and RMB.

(a) The credit terms granted to its customers were generally 30 days from the invoice date except for the amount relating to retention money which is payable after 1 year from the date of completion of the works. As at 31 March 2020 and 2019, the ageing analysis of the trade receivables based on the invoice date is as follows:

貿易及保固金應收款餘額被分類為「按攤銷成本計量的金融資產」。於2020年及2019年3月31日，上述各類應收款的最高信貸風險及其賬面值。本集團並無持有任何擔保品作為抵押。貿易及保固金應收款之賬面值乃與其公允值相若。貿易及保固金應收款主要以港元及人民幣計值。

(a) 本集團授予其客戶的信貸期一般為自發票日期起計30日，不包括工程完成日期後1年之應付保固金款項。於2020年及2019年3月31日，按發票日期呈列的貿易應收款之賬齡分析如下：

		2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
Within 30 days	30日內	50,678	79,950
31 to 60 days	31至60日	8,709	17,781
61 to 90 days	61至90日	2,553	4,821
91 to 180 days	91至180日	5,409	9,326
Over 180 days	180日以上	12,148	6,261
		79,497	118,139

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

18. TRADE AND RETENTION RECEIVABLES

(Continued)

(b) Impairment assessment on financial assets subject to expected credit loss model

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. The basis of determining the inputs and assumptions and the estimation techniques in this consolidated financial statements for the year ended 31 March 2020 and 2019 are set out in Note 4.1(ii)(c). Details of impairment assessment on financial assets subject to expected credit loss model are set out as below.

During the year, the Group provided HKD2,793,000 (2019: HKD3,142,000) and HKD798,000 (2019: HKD184,000) impairment allowance to trade receivables and contract assets respectively, were classified as “financial assets measured at amortised cost”.

(c) As at 31 March 2020 and 2019, the ageing analysis of the retention receivables based on the invoice date was as follows:

Within 30 days	30日內
31 to 60 days	31至60日
61 to 90 days	61至90日
91 to 180 days	91至180日
Over 180 days	180日以上

Movement on the Group's provision for impairment of trade and retention receivables are detailed in Note 4.1(ii)(c).

18. 貿易及保固金應收款 (續)

(b) 根據預期信貸虧損模式對金融資產進行資產減值評估

本集團採用簡化方法提供香港財務報告準則第9號所規定的預期信貸虧損。截至2020年及2019年3月31日止年度的綜合財務報表中的釐定輸入數據以及假設及估計方法的基準載於附註4.1(ii)(c)。預期信貸虧損模式下的金融資產減值評估之詳情載列如下。

年內，本集團對分類為按攤銷成本計量的金融資產之貿易應收款及合約資產分別計提減值撥備2,793,000港元（2019年：3,142,000港元）及798,000港元（2019年：184,000港元）。

(c) 於2020年及2019年3月31日，按發票日期呈列的保固金應收款之賬齡分析如下：

2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
160	1,245
–	–
45	–
414	–
427	4,946
1,046	6,191

本集團就貿易應收款項及應收保固金作出減值撥備的變動詳載於附註4.1(ii)(c)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

19. CONTRACT ASSETS AND LIABILITIES

19. 合約資產及負債

		2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
Contract assets (Note (i))	合約資產 (附註(i))	137,977	120,062
Less: impairment loss (Note 4.1(ii)(c))	減：減值虧損 (附註4.1(ii)(c))	<u>(1,018)</u>	<u>(220)</u>
		<u>136,959</u>	<u>119,842</u>
Contract liabilities (Note (ii))	合約負債 (附註(ii))	<u>(5,656)</u>	<u>(18,729)</u>

Notes:

- i) As at 31 March 2020 and 2019, contract assets related to construction services consist of unbilled amount resulting from construction when the cost-to-cost method of revenue recognised exceeds the amount billed to the customer.
- ii) As at 31 March 2020 and 2019, contract liabilities recognised represented the progress billings received in excess of construction works performed and the advance payment made by customers.

a) Revenue recognised in relation to contract liabilities

Revenue recognised that was included in the contract liability balance at the beginning of the year amounted to approximately HKD18,729,000 (2019: HKD525,000). There was no revenue recognised from performance obligations satisfied in previous years during the year ended 31 March 2020 and 2019.

b) Unsatisfied contracts as at 31 March 2020

Aggregate amount of the transaction price allocated to service contracts that are partially or fully unsatisfied as at 31 March 2020 amounted to approximately HKD50,448,000 (2019: HKD163,544,000)

附註：

- i) 於2020年及2019年3月31日，與建築服務有關的合約資產包含因建造時以成本法而確認的收入超過向客戶收取的金額而產生的未開具發票金額。
- ii) 於2020年及2019年3月31日，已確認的合約負債乃指已收進度發票超過已完成之建築工程及客戶預付款。

(a) 與合約負債有關的已確認收入

於年初計入合約負債餘額的已確認收入約為18,729,000港元(2019年：525,000港元)。於截至2020年及2019年3月31日止年度內，概無因過往年度已履行履約義務而確認收入。

(b) 於2020年3月31日未履行合約

於2020年3月31日，分配至服務合約部份或全部未履行的交易價格總額約為50,448,000港元(2019年：163,544,000港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

20. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

20. 按金、其他應收及預付款

		2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
Deposits for acquisition of a subsidiary (Note (a))	收購附屬公司之按金 (附註(a))	1,275	-
Deposits	按金	5,064	6,403
Advance to a sub-contractor	向次承判商墊款	2,560	2,714
Other receivables	其他應收款	<u>2,660</u>	<u>1,787</u>
Financial assets	金融資產	11,559	10,904
Prepayment	預付款	<u>2,301</u>	<u>2,141</u>
		13,860	13,045
Less: non-current portion of deposits and prepayments	減：按金及預付款的 非即期部分	<u>(2,595)</u>	<u>(1,400)</u>
Current portion	即期部分	<u>11,265</u>	<u>11,645</u>

Note (a)

The balance represents the deposit of HKD1,275,000 paid to certain independent third parties for the acquisition of Yu Rong Capital Limited (“Yu Rong”) (the “Target Company”). Further detail of this acquisition are set out Note 35.

Except for prepayment of HKD2,301,000 (31 March 2019: HKD2,141,000), deposits and other receivables are financial assets categorised as those to be measured at amortised costs. The fair values of the Group’s deposits, other receivables and prepayments approximate their carrying amounts.

The deposits, other receivables and prepayments were denominated in the following currencies:

附註(a)

該結餘代表從獨立第三方收購譽榮財資有限公司(「目標公司」)時向該第三方支付的按金1,275,000港元。該收購的詳情請參閱附註35。

除預付款項2,301,000港元(2019年3月31日：2,141,000港元)外，按金及其他應收款均為分類為按攤銷成本計量的金融資產。本集團之按金、其他應收款及預付款的公允值乃與其賬面值相若。

按金、其他應收及預付款乃按以下貨幣計值：

		2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
HKD	港元	12,066	11,012
RMB	人民幣	<u>1,794</u>	<u>2,033</u>
Total	合計	<u>13,860</u>	<u>13,045</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

21. CASH AND CASH EQUIVALENTS

21. 現金及現金等價物

		2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
Cash at bank and on hand	銀行結餘及手頭現金		
– Cash at call	– 銀行結餘	120,180	105,883
– Cash on hand	– 手頭現金	141	126
		<u>120,321</u>	<u>106,009</u>
Maximum exposure to credit risk	最高信貸風險	<u>120,180</u>	<u>105,883</u>

Cash and bank balances are denominated in the following currencies:

現金及銀行結餘按以下貨幣計值：

		2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
HKD	港元	116,505	103,855
RMB	人民幣	2,912	2,154
Others	其他	904	–
Total	合計	<u>120,321</u>	<u>106,009</u>

22. SHARE CAPITAL AND SHARES HELD UNDER SHARE AWARD SCHEME

22. 股本及股份獎勵計劃下所持股份

(a) Share capital

(a) 股本

		Number of ordinary shares 普通份數目 (in thousand) (千股)	Amount 面值 HKD'000 千港元
Authorised shares capital:	法定股本：		
At 1 April 2018, 31 March 2019, 1 April 2019 and 31 March 2020	於2018年4月1日、2019年3月31日、 2019年4月1日及2020年3月31日	<u>5,000,000</u>	<u>39,000</u>
Issued and fully paid:	已發行及繳足：		
At 1 April 2018, 31 March 2019, 1 April 2019 and 31 March 2020	於2018年4月1日、2019年3月31日、 2019年4月1日及2020年3月31日	<u>200,000</u>	<u>1,553</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

22. SHARE CAPITAL AND SHARES HELD UNDER SHARE AWARD SCHEME

(Continued)

(b) Share award scheme

On 16 October 2018, the Board approved the adoption of a share award scheme (the “Share Award Scheme”) with the objective to provide eligible persons with additional incentive to encourage and retain them to work with the company. Core Trust Company Limited (the “Trustee”) was designated to be the trustee under the deed of trust executed on 19 November 2018.

Pursuant to the rules relating to the Share Award Scheme (“Scheme Rules”), shares are comprised of the Trustee out of cash arranged to be paid by the Company out of the Company’s funds to the Trustee and be held on trust for the relevant eligible grantees until such shares are vested with the relevant eligible grantees in accordance with the Scheme Rules (“Restricted Shares”). The Board implements the Share Award Scheme in accordance with the terms of the Scheme Rules including providing necessary funds to the Trustee to purchase or subscribe for shares up to 8% of the issued share capital of the Company from time to time.

Pursuant to the Scheme Rules, the Board may, from time to time, at their absolute discretion select the eligible grantees after taking into account various factors as they deem appropriate for participation in the Share Award Scheme as a grantee and determines the number of Shares to be awarded. The Board shall cause to pay the Trustee the purchase price and the related expenses from the Company’s resources for the shares to be purchased by the Trustee.

22. 股本及股份獎勵計劃下所持股份 (續)

(b) 股份獎勵計劃

於2018年10月16日，董事會已批准採納股份獎勵計劃（「股份獎勵計劃」），旨在嘉許合資格人士並向彼等提供額外獎勵，以鼓勵及挽留彼等於公司工作。匯聚信託有限公司（「受託人」）根據2018年11月19日簽立的信託契據被指定為受託人。

根據股份獎勵計劃的規則（「計劃規則」），股份包括本公司安排從其資金中撥款以現金支付受託人購買的股份，及直至股份歸屬予有關合資格承授人前根據計劃規則為有關合資格承授人以信託持有的該等股份（「受限制股份」）。董事會根據計劃規則的條款實行股份獎勵計劃，包括向受託人提供所需資金，以購買或認購最多佔本公司不時已發行股本8%之股份。

根據計劃規則，董事會可不時按其絕對酌情權及彼等認為適用參與股份獎勵計劃的不同因素挑選合資格承授人，並釐定將授出之股份數目。董事會須就受託人即將購入之股份，以公司之資源向受託人支付購入價及相關費用。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

22. SHARE CAPITAL AND SHARES HELD UNDER SHARE AWARD SCHEME

(Continued)

(b) Share award scheme (Continued)

The Trustee shall hold such Shares on trust for the eligible grantees until they are vested. When the relevant eligible grantee has satisfied all vesting conditions specified by the Board at the time of making the award and become entitled to the Restricted Shares, the Trustee shall transfer the relevant Shares to that grantee.

During the years ended 31 March 2020 and 2019, no shares have been awarded to employees.

Shares held under share award schemes

22. 股本及股份獎勵計劃下所持股份 (續)

(b) 股份獎勵計劃 (續)

受託人將以信託方式代合資格承授人持有相關股份，直至彼等獲歸屬。待相關合資格承授人達成董事會於作出獎勵時所特定之一切歸屬條件，將有權獲得限制性股份，受託人將轉讓該有關股份予承授人。

於截至2020年及2019年3月31日止年度，概無向僱員授出股份。

2020 2020年 Shares 股份	2019 2019年 Shares 股份	2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
2,056,000	2,056,000	2,998	2,998

23. TRADE AND OTHER PAYABLES

23. 貿易及其他應付款

		2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
Trade payables	貿易應付款	201,835	203,641
Consideration payable for acquisition of a subsidiary	應付收購附屬公司之代表	-	4,008
Accruals and other payables	應計及其他應付款	3,046	2,630
		3,046	6,638
		204,881	210,279

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

23. TRADE AND OTHER PAYABLES (Continued)

As at 31 March 2020 and 2019, the aging analysis of the trade payables based on invoice date was as follows:

Within 30 days	30日內
31 to 60 days	31至60日
61 to 90 days	61至90日
91 to 180 days	91至180日
Over 180 days	180日以上

As at 31 March 2020 and 2019, the fair values of trade and other payables approximate their carrying amounts and were denominated in the following currencies.

HKD	港元
RMB	人民幣

24. BANK BORROWINGS

Bank borrowing – unsecured

As at 31 March 2019, the effective interest rate per annum were 3.2% per annum and repayable within one year. The carrying amount of bank borrowing was denominated in HKD and the fair values of bank borrowings approximate their carrying amounts as the impact of discounting is not significant.

23. 貿易及其他應付款 (續)

於2020年及2019年3月31日，按發票日期呈列的貿易應付款之賬齡分析如下：

2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
134,244	151,250
14,998	6,060
15,468	9,682
17,254	18,299
19,871	18,350
201,835	203,641

於2020年及2019年3月31日，貿易及其他應付款的公允值乃與其賬面值相若並按以下貨幣計值：

2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
193,386	200,454
11,495	9,825
204,881	210,279

24. 銀行借款

2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
-	12,800

於2019年3月31日的實際年利率為3.2%且須於1年內償還。由於貼現的影響輕微，故銀行借款的賬面值與其公允值相若並以港元計值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

24. BANK BORROWINGS (Continued)

As at 31 March 2020, the Group do not have any outstanding bank borrowings.

As at 31 March 2020, the Group had total borrowing facilities of approximately HKD20,050,000 (2019: HKD57,250,000) granted by bank which are subject to annual renewal.

25. DEFERRED INCOME TAX

Deferred income tax is calculated in full on temporary differences under the liability method using the tax rate enacted or substantively enacted by the statement of financial position dated.

Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes related to the same taxation authority.

24. 銀行借款 (續)

於截至2020年3月31日止年度，本集團無任何未償還的銀行借貸。

於截至2020年3月31日止年度，本集團擁有銀行授予的總銀行融資約20,050,000港元(2019: 57,250,000港元)，有關融資須接受年度重續審閱。

25. 遞延所得稅

遞延所得稅乃採用負債法就暫時性差額按財務狀況表的結算日已頒佈或實際頒佈之稅率計算。

遞延所得稅資產及負債只可在即期稅項資產及即期稅項負債有合法權利互相抵銷及遞延所得稅與同一稅務機關相關的情況下，方可互相抵銷。

		2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
Deferred tax assets	遞延稅項資產	294	515
Deferred tax liabilities	遞延稅項負債	(29)	(66)
Deferred tax assets – net	遞延稅項資產(淨額)	<u>265</u>	<u>449</u>

The net movements in the deferred income tax account are as follows:

遞延所得稅款項之淨變動如下:

		2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
At 1 April	於4月1日	449	–
Acquisition of subsidiaries (Charged)/credited to profit or loss for the year (Note 10)	收購附屬公司 年內於損益賬(列支) / 扣除 (附註10)	–	(493)
		<u>(184)</u>	<u>942</u>
At 31 March	於3月31日	<u>265</u>	<u>449</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

25. DEFERRED INCOME TAX (Continued)

The movements in deferred income tax assets and liabilities (prior to offsetting of balance within the same tax jurisdiction) during the year are as follows:

Deferred income tax assets:

		Provisions		Tax losses		Total	
		撥備		稅損		合計	
		2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元	2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元	2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
At 1 April	於4月1日	398	-	240	-	638	-
(Charged)/credited to profit or loss for the year (Note 10)	年內於損益賬扣除 (附註10)	(20)	398	(240)	240	(260)	638
At 31 March	於3月31日	378	398	-	240	378	638

Deferred income tax assets are recognised for deductible temporary differences to the extent that the realisation of the related tax benefit through future taxable profits is probable.

As at 31 March 2020, the Group did not recognise deferred income tax assets of HKD2,208,000 (2019: HKD953,000) in respect of losses HKD13,382,000 (2019: HKD5,773,000) that can be carried forward indefinitely.

Deferred income tax liabilities:

25. 遞延所得稅 (續)

遞延所得稅資產及負債(抵銷同一司法權區之稅項結餘前)於年內之變動如下:

遞延所得稅資產:

倘有可能透過未來應課稅溢利變現有關稅項優惠,則就可扣減暫時性差額確認遞延所得稅資產。

於2020年3月31日,本集團並未就可無限期結轉的虧損13,382,000港元(2019年:5,773,000港元)確認遞延所得稅資產2,208,000港元(2019年:953,000港元)。

遞延所得稅負債:

		Accelerated tax depreciation and amortisation		Intangible assets		Total	
		加速稅項折舊及攤銷		無形資產		合計	
		2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元	2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元	2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
At 1 April	於4月1日	(123)	-	(66)	-	(189)	-
Acquisition of subsidiaries	收購附屬公司	-	-	-	(493)	-	(493)
Charged/(credited) to profit or loss for the year (Note 10)	年內於損益賬列支/ (扣除)(附註10)	39	(123)	37	427	76	304
At 31 March	於3月31日	(84)	(123)	(29)	(66)	(113)	(189)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

25. DEFERRED INCOME TAX (Continued)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. A lower withholding tax rate of 5% is applied to Hong Kong investors as there is a tax treaty between the PRC and Hong Kong. However, the 5% treaty rate is not automatically granted. The taxpayer needs to apply to the relevant tax bureau for an approval for the treaty rate. The Group is therefore liable for withholding taxes on dividends distributed by the subsidiary established in the PRC. As at 31 March 2020, deferred income tax liabilities of approximately HKD486,000 (2019: Nil) has not been recognised for the withholding tax that would be payable on the remittance of earnings of the PRC subsidiary. The related unremitted earnings amounted to approximately HKD4,864,000 as at 31 March 2020 (2019: Nil), and the Group does not intend to remit these unremitted earnings from the relevant subsidiary to the Company in the foreseeable future.

26. RELATED PARTIES TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the year ended 31 March 2020 and 2019.

Compensation of key management

Key management includes executives of the Group. The compensation paid or payable to key management for employee services is shown below:

Salaries, bonuses and allowances	薪金、花紅及津貼
Retirement benefits contributions	退休福利供款

25. 遞延所得稅 (續)

根據中國企業所得稅法，於中國成立的外資企業向外國投資者宣派的股息須繳納10%預扣稅。基於中國及香港有特別稅務協定，故中國企業向香港投資企業分派股息，可享有較優惠的稅率5%徵收。但該5%協定稅率並非自動獲得，納稅人需向有關主管稅局申請批准享有稅務協定。因此，本集團須就於中國成立的附屬公司分派的股息繳納預扣稅。於二零二零年三月三十一日，本集團並未就中國附屬公司匯出盈利須支付的預扣稅確認約486,000 (2019年：無)的遞延所得稅負債。於二零二零年三月三十一日，相關未匯出盈利約為4,864,000 (2019年：無)，本集團不擬於可見未來將該等來自相關附屬公司的未匯出盈利匯出至本公司。

26. 關聯方交易

關聯方指有能力控制、聯合控制對被投資方有控股權的另一方或可對其產生重大影響力的人士；須承擔或享有自其參與被投資方所得的可變回報的風險或權利的人士；及可利用其對被投資方的權力影響投資者回報金額的人士。受共同控制或聯合控制的人士亦被視為有關聯。關聯方可為個人或其他實體。

下文概述本集團與其關聯方截至2020年及2019年3月31日止年度在日常業務過程中進行的重大交易。

主要管理人員薪酬

主要管理人員包括本集團行政人員。就僱員服務已付或應付主要管理人員的薪酬如下所示：

2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
7,509	6,205
65	57
7,574	6,262

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

27. CONTINGENT LIABILITIES

The Group had the following contingent liabilities not provided:

Surety bonds 履約保證

As at 31 March 2020, the Group provided guarantees of surety bonds in respect of 4 (31 March 2019: 3) construction contract(s) of the Group in its ordinary course of business. The surety bonds are expected to be released in accordance with the terms of the respective construction contracts.

28. SHARE OPTION SCHEME

On 8 December 2017, the Company adopted the Share Option Scheme, which falls within the ambit of, and is subject to, the regulations under Chapter 23 of the GEM Listing Rules. The purpose of the Share Option Scheme is to attract, retain and motivate employees, Directors and other participants, and to provide a means of compensating them through the grant of options for their contribution to the growth and profits of the Group, and to allow such employees, Directors and other persons to participate in the growth and profitability of the Group.

Qualified participants of the Share Option Scheme include directors (including executive, non-executive and independent non-executive Directors) and employees (whether full-time or part-time) of the Company or any of its subsidiaries or any other person who in the absolute discretion of the Board has contributed or will contribute to the Group.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme is 20,000,000 Shares, representing approximately 10% of the total issued share capital of the Company as at the date of this annual report.

27. 或有負債

本集團未作出撥備的或有負債如下：

2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
7,084	8,809

於2020年3月31日，本集團已就本集團日常業務過程中的4（2019年3月31日：3）份建築合約提供履約保證擔保。該等履約保證預計將根據各建築合約的條款解除。

28. 購股權計劃

於2017年12月8日，本公司採納的購股權計劃符合GEM上市規則第23章項下規定的範圍，並須遵守該等規定。購股權計劃旨在吸引、挽留及鼓勵僱員、董事及其他參與者，並透過授出購股權酬謝彼等對本集團增長及溢利作出貢獻，以及讓該等僱員、董事及其他人士分享本集團的增長及盈利。

購股權計劃的合資格參與者包括本公司或其任何附屬公司的董事（包括執行董事、非執行董事及獨立非執行董事）及僱員（不論全職或兼職）或董事會全權酌情考慮對本集團已作出或將作出貢獻的任何其他人士。

根據購股權計劃將予授出的所有購股權獲行使而可發行的股份總數為20,000,000股，佔於本年報日期本公司全部已發行股本約10%。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

28. SHARE OPTION SCHEME (Continued)

The total number of Shares issued and to be issued upon the exercise of the options granted to or to be granted to each eligible person under the Share Option Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue.

The offer of a grant of share options under the Share Option Scheme may be accepted upon payment of a consideration of HKD1 by the grantee.

The Share Option Scheme will remain in force for a period of 10 years commencing on 8 December 2017 and the options granted have a 10-year exercise period. Options may be vested over such period(s) as determined by the Board in its absolute discretion subject to compliance with the requirements under any applicable laws, regulations or rules.

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

A summary of the terms of the Share Option Scheme has been set out in the section headed “E. Share Option Scheme” in Appendix IV of the Prospectus.

No share options have been granted under the Share Option Scheme since its adoption and up to the date of this annual report.

28. 購股權計劃 (續)

於任何12個月期間，根據購股權計劃行使授予或將授予合資格人士的購股權（包括已行使、已註銷及未行使的購股權）而發行及將予發行的股份總數不得超過已發行股份的1%。

根據購股權計劃授出購股權的要約在承授人支付1港元代價後被接納。

購股權計劃將於2017年12月8日起計十年內有效且已授出之購股權行使期為十年。購股權可於董事會全權酌情釐定的期間歸屬，惟須遵守任何適用法律、規例或法規的規定。

購股權計劃下購股權的行使價由董事會釐定，但不得低於以下最高者 (i) 股份於授出日期（必須為營業日）在聯交所每日報價表所示的股份收市價；(ii) 於緊接授出日期前五個營業日在聯交所每日報價表所示的股份平均收市價；及 (iii) 股份面值。

購股權計劃之條款概要載於招股書附錄四「E. 購股權計劃」一節。

自購股權計劃被採納起至本年報日期，概無根據購股權計劃授出任何購股權。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

29. PARTICULARS OF PRINCIPAL SUBSIDIARIES

29. 主要附屬公司之詳情

Name of subsidiaries 附屬公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及法律實體類別	Issued and fully paid share capital/registered and paid-up capital 已發行及繳足股本/ 註冊及繳足股本	Ownership interest held by the Group % 本集團持有的擁有權權益%		Principal activities 主要活動
			2020 2020年	2019 2019年	
Indirectly held subsidiaries 間接持有附屬公司					
Sanbase Contracting (Engineering) Limited	Hong Kong, limited liability 香港·有限公司	HKD10,000 10,000港元	100%	100%	Interior fit-out solutions provider 提供室內裝潢解決方案
Sanbase Interior Contracting Limited 誠和樂有限公司	Hong Kong, limited liability 香港·有限公司	HKD10,000 10,000港元	100%	100%	Interior fit-out solutions provider 提供室內裝潢解決方案
Siwu Architectural (Guangzhou) Limited 廣州斯五建築設計有限公司	PRC, limited liability 中國·有限公司	RMB1,500,000 人民幣1,500,000元	65%	65%	Design, interior fit-out solutions provider 設計·室內裝潢解決方案供應商
Studio 5 International Limited 迪澳有限公司	Hong Kong, limited liability 香港·有限公司	HKD10,000 10,000港元	60%	60%	Design, interior fit-out solutions provider 設計·室內裝潢解決方案供應商
Controlled structured entity 受控制結構實體					
Sanbase Management Limited	BVI, limited liability 英屬處女群島·有限公司	US\$1 1美元	100%	100%	Purchase, administers and holds the Company's shares for share award scheme 購買·管理及持有本公司股份獎勵計劃所持股份

The Group has the power to direct the relevant activities of Sanbase Management Limited and it has ability to use its power over the entity to affect its exposure to returns. Therefore, it is considered as controlled structured entity of the Group.

本公司有權操控 Sanbase Management Limited 之相關活動，亦有能力運用對有關實體之權力影響其回報風險。因此，有關實體被視為本集團之受控制結構實體。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

30. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY

(a) Statement of financial position of the Company

30. 本公司財務狀況表及儲備變動

(a) 本公司財務狀況表

	Note 附註	2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
ASSETS			
Non-current assets			
Interests in a subsidiary and a controlled structured entity	29	38,064	38,064
Financial asset at fair value through profit or loss		7,094	7,831
Deposits and prepayments		1,275	-
		<u>46,433</u>	<u>45,895</u>
Current assets			
Deposits, other receivables and prepayments		3,488	655
Amounts due from subsidiaries		5,658	9,800
Cash and cash equivalents		60,796	46,308
		<u>69,942</u>	<u>56,763</u>
Total assets		<u>116,375</u>	<u>102,658</u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital		1,553	1,553
Share premium		57,632	63,832
Other reserve		34,986	34,986
Accumulated losses		(18,583)	(17,303)
Total equity		<u>75,588</u>	<u>83,068</u>
LIABILITIES			
Current liabilities			
Accruals and other payables		979	326
Amounts due to subsidiaries		39,808	19,264
Total liabilities		<u>40,787</u>	<u>19,590</u>
Total equity and liabilities		<u>116,375</u>	<u>102,658</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

30. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY *(Continued)*

(b) Movement in the Company's reserves

30. 本公司財務狀況表及儲備變動 (續)

(b) 本公司儲備變動

		Share premium 股份溢價 HKD'000 千港元	Other reserve 其他儲備 HKD'000 千港元	Accumulated losses 累計虧損 HKD'000 千港元	Total 合計 HKD'000 千港元
At 1 April 2018	於2018年4月1日	68,632	34,986	(16,330)	87,288
Loss for the year	年內虧損	-	-	(973)	(973)
Final dividend paid	已付末期股息	(4,800)	-	-	(4,800)
At 31 March 2019	於2019年3月31日	63,832	34,986	(17,303)	81,515
Loss for the year	年內虧損	-	-	(1,280)	(1,280)
Final dividend paid	已付末期股息	(6,200)	-	-	(6,200)
At 31 March 2020	於2020年3月31日	57,632	34,986	(18,583)	74,035

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31. BENEFITS AND INTEREST OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of each director and chief executive of the Company for the year ended 31 March 2020 and 2019 are set out below:

Name of directors	Note	Fees	Salaries	Discretionary bonus	Employer's contribution to pension scheme	Total
董事名稱	附註	袍金	薪金	酌情花紅	僱員退休金計劃供款	合計
		HKD'000 千港元	HKD'000 千港元	HKD'000 千港元	HKD'000 千港元	HKD'000 千港元
Year ended 31 March 2020 截至2020年3月31日止年度						
Chairman and chief executive officer Mr. Wong Sai Chuen	主席兼行政總裁 王世存先生	240	1,980	463	18	2,701
Executive Directors	執行董事					
Mr. Wong Kin Kei	黃健基先生	240	1,560	375	18	2,193
Ms. Hui Man Yee Maggie	許曼怡女士	240	1,380	338	18	1,976
Dr. Sung Tak Wing Leo	宋得榮博士	-	1,248	165	11	1,424
	(i)					
Non-executive Director Mr. Cheung Ting Pong	非執行董事 張霆邦先生	133	-	-	-	133
	(ii)					
Independent non-executive Directors	獨立非執行董事					
Mr. Cheung Chi Man Dennis	張志文先生	43	-	-	-	43
Mr. Chan Chi Kwong Dickson	陳智光先生	43	-	-	-	43
Mr. Pang Chung Fai Benny	彭中輝先生	240	-	-	-	240
Mr. Fan Chun Wah Andrew	范駿華先生	180	-	-	-	180
Mr. Wu Kam On Keith	鄒錦安先生	201	-	-	-	201
	(vi)					
		1,560	6,168	1,341	65	9,134
Year ended 31 March 2019 截至2019年3月31日止年度						
Chairman and chief executive officer Mr. Wong Sai Chuen	主席兼行政總裁 王世存先生	240	1,980	463	18	2,701
Executive Directors	執行董事					
Mr. Wong Kin Kei	黃健基先生	240	1,560	375	18	2,193
Ms. Hui Man Yee Maggie	許曼怡女士	240	1,380	338	18	1,976
Non-executive Director Mr. Cheung Ting Pong	非執行董事 張霆邦先生	240	109	-	3	352
Independent non-executive Directors	獨立非執行董事					
Mr. Fan Chun Wah Andrew	范駿華先生	240	-	-	-	240
Mr. Pang Chung Fai Benny	彭中輝先生	240	-	-	-	240
Mr. Wu Kam On Keith	鄒錦安先生	240	-	-	-	240
		1,680	5,029	1,176	57	7,942

31. 董事福利及權益

(a) 董事及最高行政人員酬金

於截至2020年及2019年3月31日止年度，各董事及本公司最高行政人員的酬金載列如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31. BENEFITS AND INTEREST OF DIRECTORS *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

Notes:

- (i) Dr. Sung Tak Wing Leo was appointed on 11 March 2020.
- (ii) Mr. Cheung Ting Pong resigned on 22 October 2019.
- (iii) Mr. Cheung Chi Man Dennis was appointed on 21 January 2020.
- (iv) Mr. Chan Chi Kwong Dickson was appointed on 21 January 2020.
- (v) Mr. Fan Chun Wah Andrew resigned on 1 January 2020.
- (vi) Mr. Wu Kam On Keith resigned on 2 February 2020.

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

No emoluments were paid by the Group to the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office during both years.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during both years.

(b) Directors' retirement benefits and termination benefits

Save as disclosed in Note 31(a), no retirement benefits and termination benefits paid to the Directors during both years.

(c) Consideration provided to third parties for making available directors' services

The Company did not provide any consideration to any third party for making available directors' services during both years.

31. 董事福利及權益 (續)

(a) 董事及最高行政人員酬金 (續)

附註：

- (i) 宋得榮博士於2020年3月11日獲委任。
- (ii) 張霆邦先生於2019年10月22日辭任。
- (iii) 張志文先生於2020年1月21日獲委任。
- (iv) 陳智光先生於2020年1月21日獲委任。
- (v) 范駿華先生於2020年1月1日辭任。
- (vi) 鄔錦安先生於2020年2月2日辭任。

上文所示執行董事及行政總裁的薪酬主要為彼等就管理本公司及本集團事務所提供服務之薪酬。上文所示獨立非執行董事的薪酬主要為彼等就擔任董事所提供服務的薪酬。

本集團於兩年內概無向董事支付薪酬，作為促使加入或於加入本集團時隨即支付的酬金或作為離職補償。

兩年內概無董事或行政總裁放棄或同意放棄任何酬金之安排。

(b) 董事退休福利及終止福利

除附註31(a)所披露者外，於兩年內，概無支付予董事任何退休福利及終止福利。

(c) 就獲提供董事服務向第三方提供的代價

兩年內，本公司並未就獲提供董事服務向任何第三方提供任何代價。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31. BENEFITS AND INTEREST OF DIRECTORS *(Continued)*

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There are no loans, quasi-loans or other dealings in favour of Directors, controlled bodies corporate by and connected entities with such directors during both years.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during both years.

31. 董事福利及權益 (續)

(d) 有關以董事、受董事控制的法團及關連實體為受益人的貸款、類似貸款及其他交易的資料

兩年內，概無以董事、受董事控制的法團及關連實體為受益人的任何貸款、類似貸款或其他交易。

(e) 董事於交易、安排或合約中的重大權益

於年末或兩年內任何時間，本公司均不存在任何與本集團業務有關的重大交易、安排及合同而董事於當中享有直接或間接的重大權益。

32. CASH FLOWS INFORMATION

(a) Cash generated from operations

Reconciliation of profit before income tax to net cash generated from operations

32. 現金流量表資料

(a) 營運產生之現金

除稅前溢利與營運產生之現金淨額調節表

		Note 附註	2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
Profit before income tax	除稅前溢利		28,062	37,394
Adjustments for:	調整：			
Depreciation on property, plant and equipment	物業、廠房及設備之折舊	7	1,112	891
Depreciation on right-of-use assets	使用權資產之折舊	7	2,564	–
Amortisation of intangible assets	無形資產攤銷	7	208	2,487
Fair value changes of financial asset at FVPL	按公允值計入損益之金融資產的公允值變動		737	–
Impairment losses on financial assets	金融資產虧損		3,591	3,326
Finance (income)/cost – net	財務(收入)／成本－淨額	8	(43)	316
Operating profit before working capital changes:	營運資金變動前之經營溢利：		36,231	44,414
Trade and retention receivables	貿易及保固金應收款		43,678	(48,684)
Deposits, other receivables and prepayments	按金、其他應收及預付款		378	1,566
Contract assets	合約資產		(18,370)	(55,630)
Trade payables	貿易應付款		(1,181)	106,409
Accruals and other payables	應計及其他應付款		431	(9,863)
Contract liabilities	合約負債		(13,056)	13,561
Cash generated from operations	營運產生之現金		48,111	51,773

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

32. CASH FLOWS INFORMATION (Continued)

(b) Reconciliation of financing activities

An analysis and the movements of financial liabilities from financial activities during the year ended 31 March 2020 and 2019 as set out below:

		Lease liabilities due within 1 year 於1年內到期之租賃負債 HKD'000 千港元	Lease liabilities due after 1 year 於1年後到期之租賃負債 HKD'000 千港元	Bank borrowings due within 1 year 於1年內到期之銀行借款 HKD'000 千港元	Total 合計 HKD'000 千港元
At 1 April 2018	於2018年4月1日	-	-	-	-
Cash flows	現金流量	-	-	(12,800)	(12,800)
At 31 March 2019 and 1 April 2019	於2019年3月31日及2019年4月1日	-	-	(12,800)	(12,800)
Recognised on adoption of HKFRS 16 (Note 3(a))	採用香港財務報告準則第16號的確認(附註3(a))	(2,295)	(4,870)	-	(7,165)
At 1 April 2019, as restated	於2019年4月1日經重列	(2,295)	(4,870)	(12,800)	(19,965)
Cash flows	現金流量	2,761	-	12,800	15,561
Additions	添置	-	(305)	-	(305)
Other non-cash movements	其他非現金變動	(2,730)	2,412	-	(318)
Exchange differences	匯兌差額	15	18	-	33
At 31 March 2020	於2020年3月31日	(2,249)	(2,745)	-	(4,994)

33. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the year but not recognised as liabilities is as follows:

Acquisitions of a subsidiary (Note 35) 收購一間附屬公司(附註35)

32. 現金流量表資料(續)

(b) 融資活動之調節表

分析融資負債及於截至2020年及2019年3月31日止年度內之變動呈列如下:

		Lease liabilities due within 1 year 於1年內到期之租賃負債 HKD'000 千港元	Lease liabilities due after 1 year 於1年後到期之租賃負債 HKD'000 千港元	Bank borrowings due within 1 year 於1年內到期之銀行借款 HKD'000 千港元	Total 合計 HKD'000 千港元
At 1 April 2018	於2018年4月1日	-	-	-	-
Cash flows	現金流量	-	-	(12,800)	(12,800)
At 31 March 2019 and 1 April 2019	於2019年3月31日及2019年4月1日	-	-	(12,800)	(12,800)
Recognised on adoption of HKFRS 16 (Note 3(a))	採用香港財務報告準則第16號的確認(附註3(a))	(2,295)	(4,870)	-	(7,165)
At 1 April 2019, as restated	於2019年4月1日經重列	(2,295)	(4,870)	(12,800)	(19,965)
Cash flows	現金流量	2,761	-	12,800	15,561
Additions	添置	-	(305)	-	(305)
Other non-cash movements	其他非現金變動	(2,730)	2,412	-	(318)
Exchange differences	匯兌差額	15	18	-	33
At 31 March 2020	於2020年3月31日	(2,249)	(2,745)	-	(4,994)

33. 承擔

(a) 資本承擔

於年末已簽約但未確認的資本開支如下:

	2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
Acquisitions of a subsidiary (Note 35) 收購一間附屬公司(附註35)	1,275	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

33. COMMITMENTS (Continued)

(b) Non-cancellable operating leases

The Group had commitments for future aggregate minimum lease payments under non-cancellable operating leases which fall due as follows:

No later than 1 year	1年以下
Later than 1 year and no later than 5 years	1年以上但不超過5年

For the year ended 31 March 2019, the Group leases an office and equipment which are non-cancellable with lease terms ranged from 1 and 5 years. The lease expenses charged to the consolidated profit or loss and comprehensive income during the year are disclosed in Note 7.

From 1 April 2019, the Group has recognised right-of-use assets for these leases, see Note 3(a) for details.

34. THE COVID-19 PANDEMIC'S IMPACT

An outbreak of respiratory illness caused by the COVID-19 has been expanded across the PRC and globally and the prevention and control measures to combat the disease have been continued to be implemented nationwide. So far, the Group has fully resumed to work and the operation is normal. As the COVID-19 continues, there is impact on the Group to a certain extent. The Directors will continue to closely monitor the development of the COVID-19 outbreak and assess its impact on the financial position, and operational results of the Group. Given the dynamic nature of the outbreak and the major operation of the Group is in Hong Kong, the Directors estimate the impact on the Group's operation and financial is likely immaterial as at the date of this annual report.

33. 承擔 (續)

(b) 不可撤銷經營租賃

本集團對不可撤銷經營租賃下的未來最低租賃承擔總額如下：

2020 2020年 HKD'000 千港元	2019 2019年 HKD'000 千港元
-	3,271
-	2,302
-	5,573

於截至2019年3月31日止年度，本集團租賃了一間不可撤銷的辦公室及設備，租期為1至5年。年內綜合損益及其他全面收益表中扣除的租賃開支於附註7披露。

從2019年4月1日開始，本集團將此等租賃確認為使用權資產，詳情請參閱附註3(a)。

34. 新冠肺炎疫情之影響

由2019冠狀病毒病引起的呼吸道疾病疫情已在中國乃至全球範圍內擴散，抑制該疾病的防控措施已在全國範圍內繼續實施。到目前為止，本集團已全面復工及正常營運。隨著2019冠狀病毒病的持續，本集團在一定程度上受到影響。董事將繼續密切監察2019冠狀病毒病疫情的發展，並評估其對本集團財務狀況及經營業績的影響。鑑於疫情的動態性質及本集團的主要營運乃位於香港，於本年報日期，董事估計對本集團之營運及財務的影響可能並不重大。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

35. EVENTS AFTER THE REPORTING PERIOD

On 14 February 2020, a wholly owned subsidiary of the Company entered into an agreement to purchase the entire equity interest of Yu Rong, a company incorporated in Hong Kong, from certain independent third parties. The total cash consideration is approximately HK\$2,550,000, of which HK\$1,275,000 was paid before the year ended 31 March 2020 (Note 20). The remaining HK\$1,275,000 is payable upon the completion of the acquisition on 1 June 2020 (Note 33(a)). Immediately after the completion of the acquisition, Yu Rong has become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Company. For details, please refer the announcement of the Company dated 14 February 2020 and 1 June 2020 respectively.

35. 報告期後事項

於2020年2月14日，本公司的全資附屬公司訂立協議，向若干獨立第三方購買譽榮（一間於香港註冊成立的公司）的全部股權。現金對價約為2,550,000港元，其中1,275,000港元已於截至2020年3月31日止年度之前支付（附註20）。餘下的1,275,000港元須於2020年6月1日收購完成時支付（附註33(a)）。收購完成後，譽榮立即成為本公司的間接全資附屬公司，其財務業績將合併到本公司的綜合財務報表中。詳情請參閱本公司日期分別為2020年2月14日和2020年6月1日的公告。

FIVE YEAR FINANCIAL SUMMARY

五年財務概要

Results

		業績				
		Year ended 31 March 截至3月31日止年度				
		2020	2019	2018	2017	2016
		2020年	2019年	2018年	2017年	2016年
		HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
		千港元	千港元	千港元	千港元	千港元
Revenue	收入	638,030	650,455	376,208	280,670	231,124
Profit before income tax	除稅前溢利	28,062	37,394	11,462	28,298	22,280
Income tax expenses	所得稅開支	(6,321)	(7,076)	(4,551)	(4,798)	(3,676)
Profit attributable to the owners of the Company for the year	年內本公司擁有人應佔溢利	16,224	28,116	6,911	24,100	18,604
Total comprehensive income attributable to the owners of the Company for the year	年內本公司擁有人應佔全面收益總額	16,133	28,070	6,911	24,100	18,604

Assets and Liabilities

		資產及負債				
		As at 31 March 於3月31日				
		2020	2019	2018	2017	2016
		2020年	2019年	2018年	2017年	2016年
		HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
		千港元	千港元	千港元	千港元	千港元
Total assets	資產總額	370,858	382,088	191,595	103,698	86,715
Total liabilities	負債總額	218,653	245,284	79,750	68,549	54,656
Net assets	資產淨額	152,205	136,804	111,845	35,149	32,059
Equity attributable to the owners of the Company for the year	年內本公司擁有人應佔權益	141,791	131,858	111,845	35,149	32,059

