Yield Go Holdings Ltd.
耀高控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code : 1796

2019

Annual Report

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Man Hoi Yuen *(Chairman)*
Ms. Ng Yuen Chun
Mr. Ho Chi Hong

Independent Non-executive Directors

Mr. Chan Ka Yu
Mr. Lo Ki Chiu
Mr. Leung Wai Lim

AUDIT COMMITTEE

Mr. Chan Ka Yu *(Chairman)*
Mr. Lo Ki Chiu
Mr. Leung Wai Lim

REMUNERATION COMMITTEE

Mr. Leung Wai Lim *(Chairman)*
Mr. Chan Ka Yu
Mr. Lo Ki Chiu

NOMINATION COMMITTEE

Mr. Man Hoi Yuen *(Chairman)*
Mr. Chan Ka Yu
Mr. Leung Wai Lim

COMPANY SECRETARY

Mr. Siu Wing Kin

AUTHORISED REPRESENTATIVES

Mr. Ho Chi Hong
Mr. Siu Wing Kin

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 8, 39/F
Cable TV Tower
No. 9 Hoi Shing Road
Tsuen Wan, New Territories
Hong Kong

COMPLIANCE ADVISER

Grande Capital Limited
Room 2701, 27/F
Tower 1, Admiralty Center
18 Harcourt Road
Admiralty
Hong Kong

LEGAL ADVISER

As to Hong Kong Law

David Fong & Co.
Unit A, 12/F
China Overseas Building
139 Hennessy Road
Wanchai
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F, 148 Electric Road
North Point
Hong Kong

Corporate Information

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

PRINCIPAL BANK

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

COMPANY'S WEBSITE

www.yield-go.com

STOCK CODE

1796

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Yield Go Holdings Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**"), I am pleased to present the 1st annual report of the Group for the year ended 31 March 2019 (the "**Review Year**").

Hong Kong economy recorded robust growth during the first half of 2018 amid favourable global environment. However, the second half, especially the fourth quarter, witnessed some declaration as the US-Mainland trade conflict escalated. In terms of Hong Kong's construction industry, it has been growing steadily for the recent years, and 2018 is no exception. According to Census and Statistics Department, the gross value of construction works performed by main contractors increased 0.9% as compared to that of last year. Referring to the data announced by the Transport and Housing Bureau, in 2018, private domestic unit completions surged 18% to 20,968 units, a 13-year high since 2005.

As one of the specific areas of Hong Kong's construction industry, the fitting-out industry's gross output value was growing at a CARG of 6.2% from 2013 to 2017, mainly supported by constant demand of fitting-out works due to continuing new building construction completion and the inspection, repair and maintenance works required for old buildings. It is forecasted to increase from approximately HK$31.3 billion to approximately HK$39.2 billion at a CAGR of about 5.8% from 2018 to 2022, according to Ipsos research and analysis.

We are an established fitting-out contractor in Hong Kong with over 23 years of experience since the establishment of one of our principal operating subsidiaries, Hoi Sing Decoration Engineering Company Limited ("**Hoi Sing Decoration**"), in 1995. We maintain overall project management and implementation while outsourcing on-site labour-intensive works to our trusted subcontractors.

In terms of financial performances, for the Review Year, the Group's total revenue amounted to approximately HK$669.8 million, representing an increase of approximately 19.5% as compared to that of the year ended 31 March 2018 ("**FY2018**"). Profit attributable to owners of the Company for the Review Year was approximately HK$36.0 million, representing a decrease of approximately 6.7% as compared to that of FY2018, which was mainly attributable to the one-off Listing expenses.

This is the first fiscal year after the Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). This year, we took up more social responsibilities aiming at helping people in need and giving back to our society. We visited elderly home and children care organisation to show love and care. We are proud of our efforts in growing together with our community.

To conclude, I would like to acknowledge the Board and management team for their leadership brought the Company another successful year, our staffs for their dedication at work, and our clients and suppliers, who maintained such trusted relationships with us and grew with us. As we seek growth opportunities in the future, we will uphold our principles in maintaining reliable operational performances and delivering strategic project execution.

Man Hoi Yuen
Chairman and executive Director

Management Discussion and Analysis

INDUSTRY OVERVIEW

According to the Census and Statistics Department, the overall gross output value of construction works in Hong Kong in 2018 amounted to about HK$468.5 billion, representing an increase of 11.9% compared to the year before. In particular, output value of construction works at locations other than construction sites such as decoration, repair and maintenance, carpentry, electrical equipment etc., amounted to about HK$275.5 billion, increased by 24.0% compared to the year before. The fitting-out industry has been experiencing stable growth in recent years because of ongoing demand for newly completed buildings, ranging from residential units to shopping malls, as well as demand arising from maintenance concerns of ageing buildings, for example the Mandatory Building Inspection Scheme and the Mandatory Window Inspection Scheme.

Specifically, resulting from the shortage of residential units in the property market and the continuously upward trend in property prices, there are (i) steady demand for fitting-out projects of new residences with rising standard of luxury decoration; (ii) a higher number of fitting-out projects for micro private residences as average sizes shrink; and (iii) more old and dilapidated buildings which require different levels of redevelopment or renovation as they pose safety risks.

In terms of fitting-out works for commercial buildings, demand for new retail premises following the city's retail recovery and that for new office spaces in secondary business districts such as Kowloon East are boosters.

Despite the promising landscape, challenges face fitting-out contractors and other construction sectors alike. Firstly, the construction industry has encountered labour shortage due to the ageing workforce and lack of younger workers for some years and the problem is expected to last in the near future. Secondly, operating costs including labour cost and material cost have risen, largely caused by rising wage to retain skilled labour and attract young entrant workers. Lastly, competition has intensified with a more fitting-out contractors becoming listed on the Stock Exchange to expand the scope of their services and business volume.

BUSINESS REVIEW AND OUTLOOK

The shares of the Company (the "**Shares**") were listed on the Main Board of the Stock Exchange (the "**Listing**") on 31 December 2018 (the "**Listing Date**"). The proceeds received from the Listing have strengthened the Group's cash flow and the Group will implement its future plans as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 13 December 2018 (the "**Prospectus**").

The Group is an established fitting-out contractor in Hong Kong with over 23 years of experience since the establishment of one of our principal operating subsidiaries, Hoi Sing Decoration, in 1995. The Group's fitting-out services cover both (i) fitting-out works conducted on new buildings; and (ii) interior renovation works on existing buildings that involve upgrades, makeovers and demolition of existing works. Such services are mainly provided to residential and commercial properties in Hong Kong on a project basis. To a lesser extent, the Group also supplies fitting-out materials such as timber products upon customers' requests in Hong Kong.

The Group's sources of revenue are categorised as residential and non-residential fitting-out services, as well as the supply of fitting-out materials by a small portion. During the Review Year, the Group's revenue increased by approximately 19.5% to approximately HK$669.8 million (FY2018: HK$560.3 million). The increase is primarily attributable to (i) the increased efforts in pursuing projects of relatively larger scale and higher income; and (ii) the increase in the number of projects with revenue contribution during the Review Year.

Management Discussion and Analysis

Looking forward, new projects for residential properties will continue to be launched in Hong Kong over the coming years, varying from public housing, Home Ownership Scheme housing to private residences. Together with demand for redevelopment of old buildings and renovation of new commercial units such as office space, retail shops and hotels, Hong Kong's fitting-out industry is presented with ample opportunities.

In view of problems such as labour shortage and operation costs, industry players have to tackle difficulties with the tools of a strong workforce, sufficient working capital and well-maintained supplier and client relationships. The Group is prepared for the emerging opportunities in Hong Kong's fitting-out works market and will avail itself of the long-established relationships with leading property developers and prominent industry reputation, grasping more large-scale projects and delivering excellence in fitting-out works and project management.

FINANCIAL REVIEW

Revenue

For the Review Year, the revenue of the Group has increased by approximately HK$109.5 million, or approximately 19.5% compared to the FY2018, from approximately HK$560.3 million to approximately HK$669.8 million. The increase was primarily due to (i) the increased efforts in pursuing projects of relatively larger scale and higher income; and (ii) the increase in the number of projects with revenue contribution during the Review Year.

Gross profit and gross profit margin

The Group's direct costs increased by approximately HK$90.6 million or approximately 18.2% from approximately HK$498.8 million for the FY2018 to approximately HK$589.4 million for the Review Year. Such increase in direct costs was generally in line with the increase in the revenue.

For the Review Year, the gross profit of the Group has increased by approximately HK$19.0 million, or approximately 30.9% compared to the FY2018, from approximately HK$61.4 million to approximately HK$80.4 million. The increase in gross profit was in line with the increase in revenue. The gross profit margin for the Review Year was approximately 12.0%, which remained stable as compared to the gross profit margin for the FY2018 of approximately 11.0%.

Other income and gains

Other income and gains mainly included the bank interest income of approximately HK$78,000 derived from the proceeds received from the Listing (FY2018: approximately HK$2,000).

Administrative expenses

For the Review Year, the administrative expenses have increased by approximately HK$19.6 million or approximately 151.9% compared to the FY2018, from approximately HK$12.9 million to approximately HK$32.5 million. The increase was primarily due to the recognition of the one-off listing expenses of approximately HK$16.9 million during the Review Year (FY2018: approximately HK$3.5 million).

Finance costs

For the Review Year, the finance costs have increased by approximately HK$0.1 million or approximately 5.9% compared to the FY2018, from approximately HK$1.7 million to approximately HK$1.8 million. The increase was primarily due to the repayment of bank borrowings and obligation under finance leases during the Review Year.

Income tax expense

For the Review Year, the income tax expense has increased by approximately HK$1.9 million or approximately 22.9% compared to the FY2018, from approximately HK$8.3 million to approximately HK$10.2 million. Such increase was due to the increase in revenue net off with the increase of non-deductible listing expenses for the Review Year.

Net profit

For the Review Year, the profit and total comprehensive income has slightly decreased by approximately HK$2.6 million or approximately 6.7% compared to the FY2018, from approximately HK$38.6 million to approximately HK$36.0 million. The decrease in the Group's net profit for the Review Year was mainly due to the increase in revenue net off with the increase in administrative expenses as discussed above. The Group's net profit margin for the Review Year was approximately 5.4%, as compared with approximately 6.9% for the FY2018. The decrease in the net profit margin for the Review Year was mainly due to the increase in administrative expenses as discussed above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Shares were successfully listed on the Main Board of the Stock Exchange on the Listing Date and there has been no change in capital structure of the Group since then.

As at 31 March 2019, the Company's issued capital was HK$4.8 million and the number of its issued ordinary Shares was 480,000,000 Shares of HK$0.01 each.

As at 31 March 2019, the Group had total cash and cash equivalents and restricted cash of approximately HK$53.5 million (FY2018: approximately HK$26.8 million). The increase was due to the net proceeds received from the Listing.

The Group's gearing ratio, calculated as total borrowings (including bank borrowings and amount due to a director) divided by the total equity, decreased from approximately 50.6% as at 31 March 2018 to approximately 11.7% as at 31 March 2019. The decrease was primarily due to (i) the repayment of bank borrowings; and (ii) the enlarged share capital of the Group as a result of the issuance of Shares pursuant to the capitalisation issue and the share offer in relation to the Listing.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards it treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

Management Discussion and Analysis

PRINCIPAL RISKS AND UNCERTAINTIES

Our Directors are aware that our Group is exposed to various risks and uncertainties. The following are the key risks and uncertainties faced by our Group:

Industry Risks

Some of our competitors may have more resources, longer operating histories, stronger relationship with customers and reputable brand names and therefore we may face competition from other existing and/or new contractors in the tender process for fitting-out projects. Due to the large number of competitors, we may face significant downward pricing pressure thereby reducing our profit margins. If we cannot adapt effectively to market conditions and customer preferences or otherwise fail to provide a competitive bid as compared to our competitors, our services may not be attractive to customers and our business may be materially and adversely affected. Our competitors may also adopt aggressive pricing policies or develop relationships with our customers in a manner that could significantly harm our ability to secure contracts. If we fail to maintain our competitiveness in the future, our business, financial condition and results of operation may be materially and adversely affected.

Compliance Risks

Many aspects of our business operation are governed by various laws and regulations and Government policies. There is no assurance that we will be able to respond to any such changes in a timely manner. Such changes may also increase our costs and burden in complying with them, which may materially and adversely affect our business, financial condition and results of operation. If there are any changes to and/or imposition of the requirements for qualification in the fitting-out industry in relation to environment protection and labour safety, and we fail to meet the new requirements in a timely manner or at all, our business operation will be materially and adversely affected.

Our executive Directors would hold regular meetings to ensure our Group's operations in compliance with all applicable statutory requirements.

Uncertainties in Work Progress

We rely on the due and timely performance of our subcontractors for timely delivery of our works. If our subcontractors' performance are not up to standard, we may not be able to rectify the substandard works or engage another subcontractor in time or at all. We may also not be able to replace materials of inferior quality procured by our subcontractors in time or at all or unless at extra costs. Any material non-performance, delayed performance or substandard performance of our subcontractors could result in deterioration of our service quality or unexpected delays in our scheduled completion time or even our ability to complete our projects, which could in turn damage our reputation, and potentially expose us to liability under the main contracts with our customers.

Failure to Guarantee New Business

Our revenue is typically derived from projects which are non-recurring in nature and our customers are under no obligation to award projects to us. During the Review Year, we secured new businesses mainly through direct invitation for quotation or tender by customers. We cannot assure you that (i) we will be invited to provide quotations or participate in the tendering process for new projects; and (ii) our submitted quotations and tenders will be selected by customers. Accordingly, the number and scale of projects and the amount of revenue we are able to derive therefrom may vary significantly from period to period, and it may be difficult to forecast the volume of future business. In the event that we fail to secure new contracts or there is a significant decrease in the number of tender/quotation invitations or contracts available for bidding in the future, our business, financial position and prospects may materially and adversely affected.

Management Discussion and Analysis

Our Directors believe that the public listing status will enhance our corporate profile and brand awareness among business stakeholders such as customers, contractors, project owners and government authorities. We believe that the public listing status will strengthen our internal control and corporate governance practices, which in turn would bolster our customers' and suppliers' confidence in us and attract potential new customers, as well as quality suppliers and subcontractors. Customers would tend to give preference to contractors who have a public listing status with good reputation, transparent financial disclosures and regulatory supervision. Our Directors believe that we will be able to maintain our competitiveness among the market leaders and differentiate ourselves from other competitors which are private companies during the tendering process, thus enhancing our success rate in securing sizeable projects.

PLEDGE OF ASSETS

As at the date of this report, all of the guarantees and securities for our bank borrowings had been released and the said bank borrowings are secured by the Company in the way of corporate guarantee.

FOREIGN EXCHANGE EXPOSURE

As the Group only operates in Hong Kong and all of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the Directors are of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk for the Review Year.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital expenditure contracted for at the end of Review Year but not yet incurred is as follow:

	2019 HK$'000	2018 HK$'000
Property, plant and equipment	**709**	–

Our subsidiary, Hoi Sing Construction, is involved in a civil litigation, the details of which have been disclosed in the section headed "Business – Potential litigation in relation to employee's compensation" in the Prospectus. The civil litigation is settled and covered by insurance as at the date of this report. Accordingly, no provision has been made to the consolidated financial statements.

Save as disclosed above, the Group had no material contingent liabilities as at 31 March 2019 (31 March 2018: Nil).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Review Year, the Group did not have any significant investment held, any material acquisitions or disposals of subsidiaries or associated companies apart from the corporate reorganisation as disclosed in the Prospectus.

Management Discussion and Analysis

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed under the section headed "Future Plans and Use of Proceeds" in the Prospectus, the Group did not have other future plans for material investments or capital assets during the Review Year.

USE OF PROCEEDS

The net proceeds received by the Group, after deducting related expenses, were approximately HK$89.4 million. These proceeds are intended to be applied in accordance with the proposed application set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. Such uses include: (i) payment for upfront costs; (ii) obtaining performance bond; (iii) repayment of bank borrowings; (iv) expansion of workforce; and (v) general working capital. Details of the use of the proceeds are listed as below:

	Planned use of proceeds HK$'000	Actual usage up to 31 March 2019 HK$'000	Unutilised amounts as at 31 March 2019 HK$'000
Payment for upfront costs	13,589	13,589	–
Obtaining performance bond	11,264	3,037	8,227
Repayment of bank borrowings	30,307	30,307	–
Expansion of workforce	32,363	1,203	31,160
General working capital	1,877	1,877	–
Total	89,400	50,013	39,387

As at 31 March 2019 and the date of this report, the unutilised proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong. The Directors regularly evaluate the Group's business objective and may change or modify plans against the changing market condition to ascertain the business growth of the Group. During the Review Year, the Directors considered that no modification of the use of proceeds described in the Prospectus was required.

DIVIDENDS

The Board has proposed a final dividend of HK8.00 cents per ordinary share for the Review Year (FY2018: Nil), subject to the approval of the shareholders of the Company at the forthcoming annual general meeting (the "**AGM**").

DIVIDEND POLICY

The Board endeavors to strike a balance between the interests of the Shareholder and prudent capital management with a sustainable dividend policy. In proposing any dividend payout, the Board shall take into consideration of, among others, the following factors:

1. operations and financial performance;
2. profitability;
3. business development;
4. prospects;
5. capital requirements;
6. economic outline; and
7. any other factors that the Board consider appropriate.

The Board will review the dividend policy as appropriate from time to time.

Biographical Details of the Directors and Senior Management

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

DIRECTORS

Executive Directors

Mr. Man Hoi Yuen (文海源) ("Mr. Man"), aged 57, was appointed as our Director on 9 May 2018, and re-designated as an executive Director on 7 June 2018. He was also appointed as chairman of our Board on 6 December 2018. He is mainly responsible for overall management, strategic development and major decision-making of our Group. Mr. Man is also the chairman of the nomination committee of our Board. Mr. Man is the spouse of Mrs. Man. Prior to founding Hoi Sing Decoration with Mrs. Man in 1995, Mr. Man worked for a construction company since 1982. As one of the founders of our Group, Mr. Man has over 23 years of experience in the fitting-out industry. Mr. Man is also one of the directors of each of Link Shing Holdings Ltd. ("**Link Shing**"), Hoi Sing Decoration, Hoi Sing Construction (H.K.) Limited ("**Hoi Shing Construction**"), Chun Shing Development Co., Limited ("**Chun Shing Development**") and Milieu Wooden Company Limited ("**Milieu**"). Mr. Man attended secondary education.

Mr. Man has entered into a service agreement with the Company for an initial term of three years commencing on 31 December 2018 and will continue thereafter until terminated in accordance with the terms of the agreement. The amount of emoluments paid for the year ended 31 March 2019 to Mr. Man is set out in note 9 to the consolidated financial statements for the year ended 31 March 2019 in this report. Such remuneration/emoluments will be reviewed annually by the Board and the remuneration committee and he is also entitled to a discretionary bonus with reference to his performance and the operating results of the Group.

Save for currently being an executive Director, Mr. Man has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. As at 31 March 2019, he was interested in 360,000,000 Shares held through Hoi Lang Holdings Ltd. ("**Hoi Lang**") (representing 75% of the aggregate number of Shares in issue). Save as disclosed above, Mr. Man was not interested in any Shares within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**") as at 31 March 2019. Save as disclosed above, Mr. Man does not have any relationship with any other Directors, senior management or substantial shareholder or controlling shareholder of the Company.

Ms. Ng Yuen Chun (吳婉珍) ("Mrs. Man"), aged 53, was appointed as our Director on 9 May 2018 and was re-designated as an executive Director on 7 June 2018. She is mainly responsible for overall management and overseeing administrative matters of our Group. Mrs. Man is one of the founders of our Group and the spouse of Mr. Man. Mrs. Man attended secondary education. Mrs. Man co-established Hoi Sing Decoration with Mr. Man in 1995 and has over 23 years of experience in the fitting-out industry. Mrs. Man is also one of the directors of each of Link Shing, Hoi Sing Decoration, Hoi Sing Construction, Chun Shing Development and Milieu.

Mrs. Man has entered into a service agreement with the Company for an initial term of three years commencing on 31 December 2018 and will continue thereafter until terminated in accordance with the terms of the agreement. The amount of emoluments paid for the year ended 31 March 2019 to Mrs. Man is set out in note 9 to the consolidated financial statements for the year ended 31 March 2019 in this report. Such remuneration/emoluments will be reviewed annually by the Board and the remuneration committee and she is also entitled to a discretionary bonus with reference to her performance and the operating results of the Group.

Save for currently being an executive Director, Mrs. Man has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. As at 31 March 2019, she was interested in 360,000,000 Shares held through Hoi Lang (representing 75% of the aggregate number of Shares in issue). Save as disclosed above, Mrs. Man was not interested in any Shares within the meaning of Part XV of the SFO as at 31 March 2019. Save as disclosed above, Mrs. Man does not have any relationship with any other Directors, senior management or substantial shareholder or controlling shareholder of the Company.

Biographical Details of the Directors and Senior Management

Mr. Ho Chi Hong (何志康) ("Mr. Ho"), aged 43, was appointed as our Director on 9 May 2018 and was re-designated as an executive Director on 7 June 2018. He is also our chief executive officer and mainly responsible for overseeing the tendering activities and participating in the day-to-day operation and management of our Group. Mr. Ho became one of the shareholders of Hoi Sing Decoration in August 2014 and one of the directors of Hoi Sing Decoration since October 2014.

Mr. Ho obtained a degree of Bachelor of Science in Quantity Surveying from the University of Greenwich in the United Kingdom in July 1998. Mr. Ho has accumulated about 20 years of experience in the construction industry. Prior to joining our Group in May 2001, he was an assistant quantity surveyor in Hoo Cheong Building Construction Co., Ltd. from July 1998 to March 2001.

Mr. Ho has entered into a service agreement with the Company for an initial term of three years commencing on 31 December 2018 and will continue thereafter until terminated in accordance with the terms of the agreement. The amount of emoluments paid for the year ended 31 March 2019 to Mr. Ho is set out in note 9 to the consolidated financial statements for the year ended 31 March 2019 in this report. Such remuneration/emoluments will be reviewed annually by the Board and the remuneration committee and he is also entitled to a discretionary bonus with reference to his performance and the operating results of the Group.

Save for currently being an executive Director, Mr. Ho has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Save as disclosed above, Mr. Ho was not interested in any Shares within the meaning of Part XV of the SFO as at 31 March 2019. Save as disclosed above, Mr. Ho does not have any relationship with any other Directors, senior management or substantial shareholder or controlling shareholder of the Company.

Independent Non-Executive Directors

Mr. Chan Ka Yu (陳家宇) ("Mr. Chan"), aged 40, was appointed as our independent non-executive Director on 6 December 2018. He is mainly responsible for overseeing the management independently and providing independent judgment on our strategy, performance, resources and standard of conduct of our Group. He is the chairman of our audit committee, and a member of each of our remuneration committee and nomination committee.

Mr. Chan has over 10 years of professional accounting and financial reporting experience. From July 2004 to July 2007, Mr. Chan worked as an accountant at Kam & Cheung Certified Public Accountants. From July 2007 to August 2010, he was a senior auditor at World Link CPA Limited. From September 2010 to April 2012, he worked at BDO Limited (which was formerly known as JBPB & Company), initially as a senior accountant and subsequently promoted as a senior associate. From May 2012 to April 2013, Mr. Chan was an investor relations officer at Fantasia Group (China) Company Limited, a subsidiary of Fantasia Holdings Group Co., Limited (花樣年控股集團有限公司) (stock code: 1777), the shares of which are listed on the Main Board of the Stock Exchange. Since June 2013, he has been working as the chief financial officer of CEFC Hong Kong Financial Investment Company Limited (香港華信金融投資有限公司) (formerly known as Runway Global Holdings Company Limited (時尚環球控股有限公司)) (stock code: 1520), the shares of which are listed on the Main Board of the Stock Exchange. Mr. Chan currently is an independent non-executive director of Dragon Rise Group Holdings Limited (龍昇集團控股有限公司) (stock code: 6829) and TS Wonders Holding Limited (stock code: 1767), both shares of which are listed on the Main Board of the Stock Exchange.

Biographical Details of the Directors and Senior Management

Mr. Chan obtained a degree of Bachelor of Commerce in Accounting from Hong Kong Shue Yan University in October 2009. He is a member of The Hong Kong Institute of Certified Public Accountants since March 2009.

Mr. Chan has entered into a letter of appointment for a fixed term of three years with effect from 31 December 2018 and will continue thereafter until terminated in accordance with the terms of the appointment. He is entitled to an annual director's fee of HK$180,000.

Save as disclosed above, Mr. Chan has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. He is not connected with any Directors, senior management, substantial or controlling shareholders of the Company, nor does he have any interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO.

Mr. Lo Ki Chiu (盧其釗) ("Mr. Lo"), aged 34, was appointed as our independent non-executive Director on 6 December 2018. He is mainly responsible for overseeing the management independently and providing independent judgment on our strategy, performance, resources and standard of conduct of our Group. He is a member of each of our remuneration committee and audit committee.

Mr. Lo is currently the managing director of Wealth Property Agency Limited, which he joined in December 2007 first as an account executive. Mr. Lo was a guest lecturer of The Education University of Hong Kong from January 2017 to June 2017. He was also a part-time instructor and an assistant instructor of the Lingnan Institute of Further Education, Lingnan University from February 2017 to June 2017 and from September 2012 to August 2013, respectively. Mr. Lo currently is an independent non-executive director of Wang Yang Holdings Limited (泓盈控股有限公司) (stock code: 1735), the shares of which are listed on the Main Board of the Stock Exchange.

Mr. Lo obtained a degree of Bachelor of Arts in Physical Education and Recreation Management from the Hong Kong Baptist University in November 2007, as well as a degree of Master of Science in International Banking and Finance and a degree of Master of Philosophy in Economics from the Lingnan University in October 2009 and October 2011, respectively. Mr. Lo is a PhD candidate majoring in Physical Education in the Hong Kong Baptist University which was approved in September 2015.

Mr. Lo has entered into a letter of appointment for a fixed term of three years with effect from 31 December 2018 and will continue thereafter until terminated in accordance with the terms of the appointment. He is entitled to an annual director's fee of HK$180,000.

Save as disclosed above, Mr. Lo has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. He is not connected with any Directors, senior management, substantial or controlling shareholders of the Company, nor does he have any interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO.

Biographical Details of the Directors and Senior Management

Mr. Leung Wai Lim (梁唯廉) ("Mr. Leung"), aged 46, was appointed as our independent non-executive Director on 6 December 2018. He is mainly responsible for overseeing the management independently and providing independent judgment on our strategy, performance, resources and standard of conduct of our Group. He is the chairman of our remuneration committee, and a member of each of our audit committee and nomination committee.

Mr. Leung is an adjudicator appointed to the Panel of Adjudicators (Control of Obscene and Indecent Articles) (established under the Control of Obscene and Indecent Articles Ordinance (Chapter 390 of the Laws of Hong Kong)) and a member of the Board of Review (Inland Revenue Ordinance) in Hong Kong.

Mr. Leung has over 17 years of law related working experience. Mr. Leung was employed by DLA Piper Hong Kong from February 2001 to April 2009 at which his last position was partner. He was then employed by Eversheds Hong Kong from May 2009 to April 2015 at which his last position was partner. Since May 2015 up to the present, Mr. Leung has been a partner of Howse Williams Bowers. Mr. Leung is currently an independent non-executive director of Shun Wo Group Holdings Limited (汛和集團控股有限公司) (stock code: 1591) and China New Economy Fund Limited (中國新經濟投資有限公司) (stock code: 80), both shares of which are listed on the Main Board of the Stock Exchange.

Mr. Leung obtained a degree of Bachelor of Laws from University of Wales in the United Kingdom in July 1995. Mr. Leung was admitted to practice law as a solicitor in Hong Kong in August 1999 and in England and Wales in April 2001.

Mr. Leung has entered into a letter of appointment for a fixed term of three years with effect from 31 December 2018 and will continue thereafter until terminated in accordance with the terms of the appointment. He is entitled to an annual director's fee of HK$180,000.

Save as disclosed above, Mr. Leung has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. He is not connected with any Directors, senior management, substantial or controlling shareholders of the Company, nor does he have any interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO.

Saved as disclosed above, there was no change to any information required to be disclosed in relation to any Director pursuant to Rule 13.51(2)(a) to (e) and (g) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the Review Year. The Board is not aware of any information that ought to be disclosed pursuant to the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules, nor are there any other matters that ought to be brought to the attention of the shareholders of the Company.

Biographical Details of the Directors and Senior Management

Senior Management

Mr. Siu Wing Kin (蕭永健) ("Mr. Siu"), aged 48, joined our Group in November 2017 and is our company secretary and financial controller. Mr. Siu is mainly responsible for overall management of financial matters and company secretarial matters of our Group. Mr. Siu has over 23 years of audit, accounting and financial management experience. Mr. Siu obtained a degree of Bachelor of Economics (major in accounting) from The University of Sydney in Australia in June 1996. He is also a member of The Hong Kong Institute of Certified Public Accountants.

From July 1996 to July 2001, Mr. Siu worked for S.N. Tsang & Co., at which his last position was audit manager. Mr. Siu joined Mayor Packaging Enterprises (1968) Ltd. as a finance and administration manager from June 2001 to January 2005. He then joined CCT Telecom (HK) Limited as a finance manager from August 2006 to October 2008. He worked for Hayco (Hong Kong) Limited as a finance manager from May 2013 to June 2014. From September 2014 to October 2017, Mr. Siu worked for Mega Precision Technology Limited at which his last position was deputy chief operation officer.

Mr. Tang Tai Cheung (鄧帶祥) ("Mr. Tang"), aged 49, joined our Group in December 2014 and is our quantity surveyor. Mr. Tang is responsible for overall management of contract administration and payment related matters of our Group. Mr. Tang has over 20 years of quantity surveying experience. Mr. Tang obtained a degree of Bachelor of Science in Quantity Surveying from the University of Greenwich in the United Kingdom in June 2001.

Prior to joining our Group, Mr. Tang worked as site clerk and technician apprentice for Wah Hin & Co., Ltd. from March 1992 to October 1995. He then worked as technician apprentice for Yrong Zhing Construction Co., Ltd. from October 1995 to January 1996. From February 1996 to September 1996, he worked as site quantity surveyor for Shun Shing Construction & Engineering Co., Ltd.. Mr. Tang then worked for Paul Y. – ITC Management Limited as an assistant quantity surveyor from October 1996 to August 1997. He then worked for M & G Contracting Ltd. as a quantity surveyor from February 1998 to January 1999. Mr. Tang worked for Hip Hing Construction Co., Ltd. as quantity surveyor from September 2001 to November 2003. He then worked for China Overseas (Hong Kong) Limited as quantity surveyor from December 2003 to April 2005 and from June 2005 to July 2007. He worked for China State Construction Limited as quantity surveyor from November 2007 to October 2008. He then worked for Handy Construction Co., Ltd. as a project quantity surveyor from August 2010 to May 2013. Mr. Tang then joined Able Engineering Company Limited as a quantity surveyor from June 2013 to November 2014.

Ms. Cheung Lai Yi (張麗儀) ("Ms. Cheung"), aged 45, joined our Group in November 1997 and is our administration and account manager. Ms. Cheung is mainly responsible for overall management of human resources and administrative matters of our Group. She has over 20 years of administrative experience. Ms. Cheung attended secondary education. Prior to joining our Group, Ms. Cheung worked as a QA inspector in AST Research (Far East) Limited from November 1994 to January 1996.

Corporate Governance Report

The Group recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Group is committed to maintaining good corporate governance to safeguard the interest of shareholders and to achieve effective accountability because the Group believes that is the best way to maximise our shareholder's value.

The Company has applied the principles of and complied with the applicable code provisions (the "**Code Provisions**") as set out under the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules. The Directors will periodically review on the Company's corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the Code Provisions from time to time. During the period from the Listing Date up to the date of this report, the Company has complied with all the applicable Code Provisions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the requirements of the Model Code during the period from the Listing Date and up to the date of this report.

THE BOARD

Composition

The Company is committed to holding the view that the Board should include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment. As at the date of this report, the Board is chaired by Mr. Man and comprised of six members including three executive Directors and three independent non-executive Directors.

Biographical details of the Directors and relationship between board members are set out in the section headed "Biographical Details of the Directors and Senior Management" in this report.

Executive Directors:

Mr. Man Hoi Yuen *(Chairman)*
Ms. Ng Yuen Chun
Mr. Ho Chi Hong

Independent Non-Executive Directors:

Mr. Chan Ka Yu
Mr. Lo Ki Chiu
Mr. Leung Wai Lim

Chairman and Chief Executive Officer

To ensure a balance of power and authority, the position of the chairman and chief executive officer of the Company are held by different individuals. Mr. Man Hoi Yuen is the chairman and Mr. Ho Chi Hong is the chief executive officer. The primary role of the chairman is to provide leadership for the Board and to ensure it works effectively in discharging its responsibilities. The chief executive officer is responsible for the day-to-day management of the Group's business.

Board Diversity Policy

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") since the Listing Date. The summary of the Board Diversity Policy is disclosed as below:

- the Company recognises the benefits of having a diverse Board to enhance the quality and effectiveness of the Board;
- in designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- 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;
- the selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board; and
- the nomination committee of the Board will report on the Board's composition under diversified perspectives, monitor the implementation of the Board Diversity Policy, review the Board Diversity Policy to ensure effectiveness and recommend for any revisions to the Board for consideration and approval.

Independent Non-Executive Directors

The independent non-executive Directors have been appointed by the Company for a fixed term of three years commencing from 31 December 2018. Such appointment may be terminated in accordance with the terms of the letters of appointment, including by either party giving to the other party not less than three months' advance written notice of termination.

The independent non-executive Directors have brought in a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all independent non-executive Directors will continue to make various contributions to the Company.

Throughout the Review Year, the Company had three independent non-executive Directors, meeting the requirements of the Listing Rules that the number of independent non-executive Directors must represent at least one-third of the Board members, and that at least one of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

Each of the independent non-executive Directors has given an annual confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules. As at the date of this report, the Company is of the view that all independent non-executive Directors are independent in accordance with the relevant requirements under the Listing Rules.

Appointment, Re-Election and Removal of Directors

Each of the Directors has entered into a service agreement or a letter of appointment with the Company for a specific term and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the amended and restated memorandum and articles of association (the "**Restated Articles**").

Corporate Governance Report

In accordance with article 83 of the Restated Articles, at each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

In accordance with article 84 of the Restated Articles, 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 and shall then be eligible for re-election.

In according with articles 83 and 84 of the Restated Articles, Mr. Man Hoi Yuen, Ms. Ng Yuen Chun, Mr. Ho Chi Hong, Mr. Chan Ka Yu, Mr. Lo Ki Chiu and Mr. Leung Wai Lim will retire as Directors by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

Role and Responsibilities

The Board is responsible for the overall management of the Group and all day-to-day operations and management of the Company's business has been delegated to management under the leadership of the chief executive officer of the Company.

The principal roles of the Board are:

- set long term objectives and strategies;
- approve major policies and guidelines;
- prepare and approve financial statements, annual report and interim report;
- approve major capital expenditures, acquisition and disposals;
- approve connected transactions;
- approve material borrowings and expenditures;
- review and monitor of internal control and risk management; and
- declare and recommend the payments of dividends.

Corporate Governance Report

No corporate governance committee has been established and the Board is responsible for the corporate governance functions of the Company, which includes:

- develop and review the Company's policies and practices on corporate governance;
- review and monitor the training and continuous professional development of Directors and senior management;
- review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- review the Company's compliance with the CG Code and disclosure in the corporate governance report.

The Directors will review the Group's corporate governance policies and compliance with the CG Code each financial year and comply with the "comply or explain" principle in the corporate governance report.

Directors' Insurance

The Company has arranged appropriate insurance coverage for all Directors in relation to the discharge of their responsibilities.

Directors' Training and Professional Development

The Company, from time to time, provides in-house trainings for the Directors in the form of seminars, workshops and/or reading relevant material on the latest development of applicable laws, rules and regulations, management, financial and business issues to develop and refresh their knowledge and skills. The above training costs are borne by the Company.

The Directors are required to provide the Company with details of the training's records. Training records of each Director received for the Review Year are summarised below:

	Type of trainings
Mr. Man Hoi Yuen	B
Ms. Ng Yuen Chun	B
Mr. Ho Chi Hong	B
Mr. Chan Ka Yu	A and B
Mr. Lo Ki Chiu	B
Mr. Leung Wai Lim	B

A: attending seminars/conferences/forums

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

Meetings and Attendance

From 1 April 2019 onwards, the Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at each of the Board meetings and to make informed decisions, an agenda and the accompanying Board papers will be sent to all Directors at least three days before the intended date of the Board meeting, or such other period as agreed.

Minutes of the Board and committee meetings are prepared and kept by the company secretary of the Company and are open for inspection by Directors upon request. All Directors have access to the advice and services of the company secretary and are allowed to seek external professional advice if needed.

During the Review Year, the Board held one meeting and the attendance record of each member of the Board is set out below:

	Meeting attended/ Meeting convened
Mr. Man Hoi Yuen	1/1
Ms. Ng Yuen Chun	1/1
Mr. Ho Chi Hong	1/1
Mr. Chan Ka Yu	1/1
Mr. Lo Ki Chiu	1/1
Mr. Leung Wai Lim	1/1

As the Company was listed on the Main Board of the Stock Exchange on 31 December 2018, no general meeting has been held during the Review Year.

BOARD COMMITTEES

To facilitate the work of the Board, the Board has established three board committees to oversee specific aspects of the Company's affairs, namely the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**"). Each board committee has its own terms of reference relating to its authority and duties, which have been approved by the Board and are reviewed periodically. The terms of reference of each committee are available on the websites of the Company and the Stock Exchange.

Each board committee has been provided with sufficient resources to discharge its duties and, upon reasonable request, is able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Audit Committee

The Company established an Audit Committee with written terms of reference in compliance with the CG Code. The primary roles of the Audit Committee include, but are not limited to, (a) making recommendations to our Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (b) monitoring the integrity of our financial statements and annual reports and accounts, half-yearly reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them; and (c) reviewing our financial controls, internal control and risk management systems.

The Audit Committee consists of three members who are all independent non-executive Directors, namely, Mr. Chan Ka Yu, Mr. Lo Ki Chiu and Mr. Leung Wai Lim. Mr. Chan Ka Yu is the chairman of the Audit Committee.

During the period from the Listing Date to 31 March 2019, the Audit Committee held one meeting and the attendance record of each member of the Audit Committee is set out below:

	Meeting attended/ Meeting convened
Mr. Chan Ka Yu *(Chairman)*	1/1
Mr. Lo Ki Chiu	1/1
Mr. Leung Wai Lim	1/1

The following is a summary of the work performed by the Audit Committee since the Listing Date and up to the date of this report:

- reviewed the annual results of the Group for the year ended 31 March 2019;
- reviewed the Group's financial information, financial report system, risk management and internal control procedures;
- reviewed the Company's auditors' independence and objective;
- made recommendations to the Board on the re-appointment of the Company's external auditors;
- reviewed the Company's external auditors' management letter, significant findings and recommendations;

- reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

- reviewed and discussed the reports from the Company's external consultant with the management; and

- met with the Company's external auditors, in the absence of the management.

There had been no disagreement between the Board and the Audit Committee from the Listing Date and up to the date of this report.

Remuneration Committee

The Company established a Remuneration Committee with written terms of reference in compliance with the CG Code. The primary roles of the Remuneration Committee include, but are not limited to, (a) making recommendations to our Board on our policy and structure for the remuneration of all of our Directors and senior management personnel and on the establishment of a formal and transparent procedure for developing remuneration policy; (b) reviewing and approving our management's remuneration proposals with reference to our Board's corporate goals and objectives; and (c) making recommendations to our Board on the remuneration of non-executive Directors.

The Remuneration Committee consists of three independent non-executive Directors, namely Mr. Leung Wai Lim, Mr. Chan Ka Yu and Mr. Lo Ki Chiu. Mr. Leung Wai Lim is the chairman of the Remuneration Committee.

The remuneration of the Directors and senior management is determined with reference to the responsibilities, workload, the time devoted and the performance of the Group. The Remuneration Committee also ensures that no individual will be involved in determining his own remuneration.

During the Review Year, the remuneration of senior management is listed as below by band:

Band of remuneration (HK$)	No. of person
HK$nil–HK$1,000,000	3
HK$1,000,001–HK$2,000,000	0

Further details of the Directors' and chief executives' emoluments and the five highest paid individuals is set out in note 9 to the consolidated financial statements.

During the period from the Listing Date to 31 March 2019, the Remuneration Committee held one meeting and the attendance record of each member of the Remuneration Committee is set out below:

	Meeting attended/ Meeting convened
Mr. Leung Wai Lim *(Chairman)*	1/1
Mr. Chan Ka Yu	1/1
Mr. Lo Ki Chiu	1/1

The following is a summary of the work performed by the Remuneration Committee since the Listing Date and up to the date of this report:

- considered the remuneration paid to Directors and senior management with reference to their responsibilities, workload, the time devoted and the performance of the Group, as well as remuneration paid by other comparable listed companies;
- reviewed and made recommendations on the management remuneration proposals with reference to the corporate goals and objectives of the Board; and
- made recommendations to the Board on the remuneration of independent non-executive Directors.

Nomination Committee

The Company established a Nomination Committee with written terms of reference in compliance with the CG Code. The primary roles of the Nomination Committee include, but are not limited to, (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of our Board at least annually and making recommendations on any proposed changes to our Board to complement our corporate strategy; (b) identifying individuals suitably qualified to become our Board members and selecting or making recommendations to our Board on the selection of individuals nominated for directorships; and (c) assessing the independence of our independent non-executive Directors.

The Nomination Committee consists of an executive Director, namely Mr. Man Hoi Yuen and two independent non-executive Directors, namely Mr. Chan Ka Yu and Mr. Leung Wai Lim. Mr. Man Hoi Yuen is the chairman of the Nomination Committee.

During the period from the Listing Date to 31 March 2019, the Remuneration Committee held one meeting and the attendance record of each member of the Remuneration Committee is set out below:

	Meeting attended/ Meeting convened
Mr. Man Hoi Yuen *(Chairman)*	1/1
Mr. Chan Ka Yu	1/1
Mr. Leung Wai Lim	1/1

The Nomination Committee had reviewed the Board Diversity Policy and reported on the Board's composition under diversified perspectives and had monitored the implementation of the Board Diversity Policy.

The Company has adopted a nomination policy which sets out the nomination procedures for selecting candidates for election as Directors. Such policy is adopted by the Board and managed by the Nomination Committee. The Nomination Committee shall review the curriculum vitae to assess whether the potential candidate is 'fit and proper' for the appointment and can meet the requirements of relevant rules and regulations before recommendation is made to the Board.

The Nomination Committee had also recommended to re-elect Mr. Man Hoi Yuen, Ms. Ng Yuen Chun, Mr. Ho Chi Hong, Mr. Chan Ka Yu, Mr. Lo Ki Chiu and Mr. Leung Wai Lim as Directors at the forthcoming annual general meeting of the company.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group. The Directors also acknowledge their responsibility to ensure the financial statements are published in a timely manner. The Directors are not aware of any material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

The auditors' reporting responsibilities are set out in the section headed "Independent Auditors' Report" in this report.

AUDITORS' REMUNERATION

For the Review Year, the fee paid/payable to HLB Hodgson Impey Cheng Limited by the Group, is set out as follows:

	HK$
Audit services	1,500,000
Non-audit services	2,976,000

The amount of fee incurred for the non-audit services represented HK$2,976,000 of the service fee paid to HLB Hodgson Impey Cheng Limited as the reporting accountants of the Company in relation to the Listing. The Audit Committee was satisfied that non-audit services for the Review Year did not affect the independence of the auditors.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the Company's risk management and internal control systems, and for reviewing its effectiveness.

In meeting its responsibility, the departmental heads of the Group have to complete a risk management and internal control self-assessment questionnaires, identify and evaluate those significant risks and confirm to the management that appropriate internal control policies and procedures have been established and properly complied with. The management then reviewed the findings and summarised all material issues to the Board and the Audit Committee annually.

The Group has established guidelines and procedures for the approval and control of expenditures, to ensure the reliability of the financial reporting, effectiveness and efficiency of operation and the compliance with applicable laws and regulations. Whilst these guidelines and procedures are designed to identify, monitor, report and follow up on risks that could adversely impact the achievement of the Group's business objectives, they do not provide absolute assurance against material mis-statement, errors, losses, fraud or non-compliance.

Although the Company does not have internal audit function, the Board has put in place adequate measures to perform the internal audit function at different aspects of the Group. In preparation for the Listing, the Company had engaged CT Partners Consultants Limited ("**CT Partners**") to perform a review of the procedure, system and control (including accounting and management systems) of the Group. Based on its internal control review, CT Partners recommended certain internal control improvement measures to the Group and the Group has adopted them. Subsequent to the Review Year, the Group has continued to engage CT Partners to review the effectiveness and efficiency of the Group's risk management and internal control systems in relation to the financial, operational and compliance controls, and the results were summarised and discussed with the Audit Committee and the Board. The Audit Committee and the Board are satisfied with the effectiveness and adequacy of the risk management and internal control systems of the Group.

INSIDE INFORMATION POLICY

The Company has established policy for ensuring that inside information is disseminated to the public in an equal and timely manner in accordance with applicable laws and regulations. Procedures such as limit access to inside information to those who need to know and requiring external parties to execute confidentiality agreement have been implemented by the Company to guard against mishandling of inside information. The Company also reminds those relevant personnel and other professional parties to preserve confidentiality of the inside information until it is publicly disclosed.

COMPANY SECRETARY

The Company has appointed Mr. Siu Wing Kin, who is responsible for facilitating the Board process, as well as communications among the Directors, with shareholders and management. Mr. Siu has confirmed that for the Review Year, he has taken no less than 15 hours of professional training to upgrade his skills and knowledge. The biography of Mr. Siu is set out in the section headed "Biographical Details of the Directors and Senior Management" in this report.

SHAREHOLDERS' RIGHTS

Procedures for Convening General Meetings by Shareholders

Pursuant to article 58 of the Restated Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting.

Extraordinary general meetings shall also be convened on the requisition of one or more shareholder holding, at the date of deposit of requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings.

Such requisition shall be made in writing to the Board or the company secretary of the Company by mail at Unit 8, 39/F, Cable TV Tower, No.9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisition(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Putting Forward Proposals at Shareholders' Meeting

There are no provisions in the Restated Articles or the Companies Law of the Cayman Islands for Shareholders to put forward new resolutions at general meetings. Shareholders who wish to put forward a new resolution may request the Company to convene a general meeting in accordance with the procedures set out in the above paragraph heading "Procedures for Convening General Meetings by Shareholders".

Pursuant to article 85 of the Restated Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of the notices required will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

Procedures by which Enquiries may be Put to the Board

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationship. Shareholders are welcomed to send their enquiries to the Board by post to the principal place of business set out in the section headed "Corporation Information" in this report.

Corporate Governance Report

INVESTOR RELATIONS

The Board strives to maintain on-going dialogue with shareholders and the investment community, the Company has established a shareholders' communication policy to set out the Company's procedures in providing the shareholders and investment community with ready, equal and timely access to balanced and understandable information about the Company.

Latest information on the Group including, but not limited to annual and interim reports, circulars, announcements and notices of annual general meetings are updated on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.yield-go.com).

In addition, the Company regards the annual general meeting as the primary forum for communication by the Company with its shareholders and for shareholder participation. Shareholders are encouraged to attend the annual general meeting, where all Board members and external auditors are available to answer questions on the Group's business.

The first annual general meeting will be held on Monday, 2 September 2019, the notice of which shall be sent to the shareholders of the Company at least 20 clear business days prior to the meeting.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

Save for the adoption of the Restated Articles for the purpose of the Listing, during the Review Year, there had been no significant changes in the constitutional documents of the Company.

Environmental, Social and Governance Report

NATURE AND SCOPE OF THE REPORT

Hoi Sing Decoration, the first business entity and foundation of the Group, was established in 1995. After over two decades of development, the Group became a listed company on the Main Board of the Stock Exchange on 31 December 2018. This step forward not only recognised the Group's competitive status within the fitting-out industry but also its accountability to fulfill corporate social responsibilities (CSR). The Group prepared this Environmental, Social and Governance Report (the "**Report**") as a part of its CSR commitment, elaborating on how different aspects of business operations could impacts on the environment, society and the Group's governance. It also demonstrates policies, compliance, endeavours and results of such on the path of constantly improving the Group's CSR contributions.

The Report was in compliance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Listing Rules. It comprises information and data on the material environmental and social issues relevant to the Group's principal business of fitting-out works for the Review Year, which entails operational processes such as:

- Ceiling works;
- Metal and glass works;
- Installation of built-in furniture, timber flooring, kitchen cabinetries, timber doors;
- Surveying and administration.

The Group's role is to act as the project manager and principal coordinator in projects where we strategically subcontract on-site labour-intensive works to subcontractors. Our workflow starts with planning, coordinating, monitoring and supervising the project from project implementation to completion as well as monitoring rectification of defects during the defects liability period. Due to the nature of our role, fuel and resources consumption attributable to our operations are often insignificant.

We would like to express appreciation for the assistance from employees and external parties in preparation for the Report, and we value stakeholders' feedback on our approach to achieve sustainable development. The Report has been confirmed by the management of the Group and has been approved by the Board.

OUR ENVIRONMENTAL POLICY

Emissions and Use of Resources

The Group makes its best effort in protecting the environment by making conscious decisions when planning its projects, subcontracting work or purchasing raw material. Direct and indirect emissions of greenhouse gas in carbon dioxide (CO_2) equivalent, nitrogen oxides (NO_x), sulphur oxides (SO_x) and particulate matter (PM) attributable to the Group's operations are related to electricity for office consumption and staff and material transportation. Since the majority of operational activities are done on site, use of resources are traced back to office activities. Hence, fuel and resources consumption attributable to our operations are often insignificant.

The following tables present total emissions and use of resources mentioned above for the Review Year. The Group began to gather relevant information during the Review Year as it obtained its listing status, thus no information from the previous financial year is available. However, since the Group had started to implement more green policies, we believe we have made positive progress on our emissions and use of resources and further improvement will manifest in the future. The Group's management believes that the most suitable value for gauging emission intensity is per million dollars of revenue due to the nature of our role as the project manager in fitting-out projects and the varying sizes of projects.

	For the year ended 31 March 2019	
	Key emissions	Key emissions intensity (per million dollars of revenue)
Total greenhouse gas emissions (kg in CO_2 equivalent)	12,487	18.646
NO_x (g)	84	0.125
SO_x (g)	37	0.055
PM (g)	6	0.009

	For the year ended 31 March 2019	
Resource	**Usage**	**Usage intensity (per million dollars of revenue)**
Electricity from CLP (kwh)	2,028	3.028
Paper (kg)	925	1.381

The Group's internal guidelines entails the reusing and recycling of resources such as paper and minimising unnecessary electricity and water consumption as means of environmental protection. Externally, waste generated by works done on site is usually not material since furniture and fixtures are made-to-order. The Group's project management team is also required to select and thereafter supervise subcontractors' compliance with fitting-out works rules for each project mainly in the below aspects:

- Noise control – draw up working hours (especially with heavy machinery) to lie within legal hours and use noise reduction tools if applicable
- Use of green building materials – recommend the use of recycled material for walls, windows, doors, carpets etc. and chemicals with lower levels of pollutants
- Indoor air quality – isolate areas involved in works causing a high concentration of dust and maintain good ventilation
- Waste reduction and disposal – reuse building tools and instruct appropriate waste disposal, prohibiting any form of illegal dumping of construction waste
- Water consumption on site by subcontractors is insignificant, although they are reminded to close all taps after use.

During the Review Year, the Group encounters no issue in sourcing water that is fit for purpose and the Group's operations did not involve any use of packaging materials.

During the Review Year, the Group has complied with relevant environmental laws and regulations in all material aspects. The Group is not aware of any non-compliance incidents relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Environment and Natural Resources

Other than information disclosed above, the Group's chief operations produces no direct and significant impact on natural resources or generates wastes into the natural environment. From a supply chain's point of view, the Group's suppliers are required to pass environmental impact assessment conducted by the local government while environmentally friendly materials are used in designs when possible. The Group will be continuously observant of aforesaid impact and search for alternative practices which are better for the environment.

EMPLOYMENT PRACTICES

The Group's human resources department follows all legal regulations from employment to dismissal, training to welfare. Foremost, only effectively licensed candidates of legal working age are considered for employment thus preventing possible child labour or forced labour. Not to mention, all bases of lawful employment in Hong Kong are covered by the Mandatory Provident Fund and employee insurances.

The Group began the Review Year with 69 employees which grew to 90 at year-end. There were 50 recruits and 29 resignees. Detailed categorisation of full-time employees is laid out below:

	For the year ended	
	31 March 2019	**31 March 2018**
By Job Function		
Management	23	16
Administration	13	11
Supervisors	45	40
Others (Janitorial)	9	2
By Gender		
Male	64	56
Female	26	13
By Age Group		
≤30	28	22
30–40	24	21
40–50	25	19
50–60	12	7
≥60	1	0
By Employment Location		
Hong Kong	90	69
Total	90	69

Equal Opportunities

The Group is firmly against any form of discrimination including but not limited to age, disability, race, religion, sex and sexual orientation where none of these factors are placed above personal merit and competence when a candidate is evaluated for employment, promotion opportunities or remuneration. Our human resources team always try to satisfy the Group's staffing needs while helping employees grow with the business. More about development and training will be elaborated below.

Remuneration and Benefits

We believe that our staff should always be valued. We make sure that they are rewarded fairly in terms of salary and benefits by arranging regular performance appraisals and grant supervisors the agency to recommend remuneration which better reflect staff performances. Also, the Group strictly follows laws and regulations on statutory holidays and number of rest days.

HEALTH AND SAFETY

The Group has established standard policies for managing fitting-out projects, which are updated annually for new safety regulations and industry guidelines. On a project-by-project basis, our team validates required licenses and insurances with workers and/or subcontractors and acquire approval for scaffolding structures to ensure a sound foundation and complete legality. The Group has commissioned an independent third party to inspect our safety standards and make suggestions for possible improvement. Internally, roles of full-time employees usually do not involve occupational hazards as their main work locations are not on construction sites. Still, they are encouraged to form correct habits to prevent strains and fatigue. Therefore, we hold training for preventative awareness on the overuse of screens and familiarise new staff with their workstations.

DEVELOPMENT AND TRAINING

The Group places great emphasis on complementing employee's professional knowledge, especially safety knowledge for better project management. During the Review Year, trainings and seminars were organised for staff to keep abreast of a range of topics regarding construction site safety, which included:

- Working at height and fall arresting
- Scaffold safety
- Safe work at confined space
- Cranes and lifting appliances
- Lifting gears
- Safety of load-shifting machinery
- Electrical safety
- Electrical hand tools
- On-site fire safety

Environmental, Social and Governance Report

OPERATING PRACTICES

Supplier and Subcontractor Management

As described above, the Group goes through standard steps to ensure and monitor the integrity of all subcontracted projects, where suppliers from our approved list provide quotations on materials for each project. Such quotations are used for the Group's tender bidding and later, if awarded with the tender, finalised as project budget. Both potential and approved suppliers are shortlisted and reviewed from time to time with reference to certain criteria including, among other things, (i) price; (ii) product quality; (iii) punctuality in delivery; and (iv) past business relationship. The Group generally maintain multiple materials suppliers to avoid over-reliance. Individual quotations are the main form of engagement and no long-term supply agreements are made.

PRODUCT RESPONSIBILITY

Defects Liability Period

Generally, our contracts include a defects liability period of 12 to 18 months during which we are responsible for rectifying defects, depending on the terms. The defects liability period starts upon the agreed completion date. During the Review Year, the Group received no significant complaint or claim from customers in the relevant defects liability period and the cost incurred for remedying defective works was not material.

Retention Money

Some of the Group's fitting-out contracts enable customers retain part of their payment as retention money, 50% of which is released upon completion of the project and the remaining is released upon expiry of the defects liability period. The Group records such outstanding payment in the books as retention receivables.

Customers' Information Privacy

Any personal data collected by the Group are handled in accordance with the Personal Data (Privacy) Ordinance of Hong Kong. For each project, customer information is handled by responsible team members. Designated persons for relevant projects are the gatekeepers of customer or project information with the objective of keeping circulation within internal communications and for commercial use only. Permission from customer must be obtained to share their information with third parties. Highly confidential information must be properly stored and encrypted.

ANTI-CORRUPTION

The Group recognises that anti-corruption efforts are a fundamental basis of well-executed corporate governance, and strictly abides by the Prevention of Bribery Ordinance in Hong Kong as it is the Group's principal operating region. The Group's responsible committee oversees compliance with its anti-corruption programme, which is set out and regularly updated in reference to applicable laws and regulations. It also monitors internal audits and reviews and ascertain independence from parties with conflict of interest. To encourage effective scrutiny, anonymous reporting channels are open to informants.

The Group has recorded no incidents or reports on bribery, extortion, corruption, fraud and money laundering during the Review Year.

COMMUNITY INVOLVEMENT

The Group is aware of the importance of staying connected with people of different needs and giving back to society. In the Review Year, representatives of the Group participated in community services such as visits to Lok Sin Tong Leung Kau Kui Home for the Elderly (樂善堂梁銶琚敬老之家) and a children care organisation.

Directors' Report

The Board is pleased to submit this annual report together with the audited financial statements of the Group for the Review Year.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, the principal activities of its principal subsidiaries are set out in note 15 to the consolidated financial statements.

REORGANISATION AND SHARE OFFER

The Company was incorporated in the Cayman Islands on 9 May 2018 as an exempted company with limited liability. The Shares were listed on the Main Board of the Stock Exchange on 31 December 2018.

Pursuant to the corporate reorganisation as disclosed in the Prospectus, the Company became the holding company of the Group on 18 September 2018.

RESULTS/BUSINESS REVIEW

The results of the Group for the Review Year are set out in the section headed "Consolidated Statement of Profit or Loss and Other Comprehensive Income" on page 48 in this report. The business review of the Group for the Review Year is set out in the section headed "Management Discussion and Analysis" on pages 5 to 11 in this report.

SHARE CAPITAL

Details of movement in the share capital of the Company during the Review Year are set out in note 26 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the Review Year are set out in the section headed "Consolidated Statement of Changes in Equity" on page 50 in this report.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 March 2019, calculated under the Companies Law of Cayman Islands amounted to approximately HK$86.0 million.

FINAL DIVIDEND

The Board has proposed a final dividend of HK8.00 cents per ordinary share for the Review Year (FY2018: Nil), subject to the approval of the shareholders of the Company at the forthcoming AGM.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

The Shares were listed on the Listing Date. Since the Listing Date and up to 31 March 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

PROPERTY, PLANT AND EQUIPMENT

Details of movement in property, plant and equipment of the Group during the Review Year are set out in note 16 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Restated Articles or the Laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 17 to 28 in this report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Our Group makes best effort in protecting the environment during daily operation and by making conscious decisions when projects undertaking. Our Group's internal guidelines detail the reuse and recycling of resources such as paper and the minimisation of electricity and water consumption as means of environmental protection. Externally, waste generated by works done on site is usually not material. Our Group's project management team would select and thereafter supervise subcontractors' compliance with fitting-out works rules for each project in several aspects including but not limited to (i) noise control; (ii) use of green building materials; (iii) indoor air quality; and (iv) waste reduction and disposal.

During the Review Year, as far as the Board and the management are aware, there was no material breach of or non-compliance with relevant environmental laws and regulations by our Group that has material impact on the business and operation of our Group.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Review Year, as far as the Board and the management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by our Group that has material impact on the business and operation of our Group.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND SUB-CONTRACTORS

Employees

We generally recruit employees with the appropriate skills, both technical and personal, in order to meet our current and future needs and ensure that the employees appointed are qualified and competent to carry out their duties. We may remunerate our employees with a fixed salary and a discretionary bonus based on our Group's performance. Our employees' benefits also include a grant to fund further education which aims at enhancing our employees' personal development or equipping them with necessary knowledge and skills to perform their job duties. Our ability to attract, retain and motivate qualified personnel is critical to our success. We believe that we are able to attract, retain and motivate qualified personnel by offering competitive remuneration and benefits. With a compact team of energetic employees, we endeavour to provide services that exceed our customers' expectations, which we believe will help us secure new opportunities.

Customers

The Group are aware of the risk of customer concentration, and sought to reduce the reliance on major customer by undertaking more work projects from other customers. Our business relationship with major customers, industry experience and proven track record are essential to our major customers to ensure that we are capable of completing their projects on time and in accordance with their requirements. With our presence in the fitting-out industry, our Directors believe that we are able to extend our services to other customers.

Going forward, our management will continue to capture emerging business opportunities and focus on projects on a selective and prudent basis which are profitable and sizeable in nature to maximise benefits to our Group as a whole.

Suppliers and Sub-contractors

The Group has developed stable and strong working relationships with suppliers and sub-contractors to meet the Group's customers' needs in an effective and efficient manner. Our fitting-out projects are monitored by a project management team which is responsible for the overall quality assurance of the project. Our project management team in each project generally conducts regular on-site inspections and arranges for regular meetings with our subcontractors, to ensure sufficient resources are allocated for each project, and that the works executed at each stage meet the requirements of our customers.

ANNUAL GENERAL MEETING ("AGM")

The 2019 AGM will be held on 2 September 2019. The notice of the AGM will be published and dispatched to shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 28 August 2019 to Monday, 2 September 2019, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, not later than 4:30 p.m. on Tuesday, 27 August 2019.

The final dividend will be paid to shareholders of the Company whose names appear on the register of members on Tuesday, 10 September 2019 and the payment date will be on or about Friday, 4 October 2019. The register of members will be closed from Friday, 6 September 2019 to Tuesday, 10 September 2019, on which date no transfer of shares will be registered. In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, not later than 4:30 p.m. on Thursday, 5 September 2019.

Directors' Report

DIRECTORS

The Directors of the Company during the Review Year and up to the date of this report are:

Executive Directors:

Mr. Man Hoi Yuen *(Chairman)*
Ms. Ng Yuen Chun
Mr. Ho Chi Hong

Independent Non-Executive Directors:

Mr. Chan Ka Yu
Mr. Lo Ki Chiu
Mr. Leung Wai Lim

In accordance with article 83 of the Restated Articles, at each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

In accordance with article 84 of the Restated Articles, 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 and shall then be eligible for re-election.

In according with articles 83 and 84 of the Restated Articles, Mr. Man Hoi Yuen, Ms. Ng Yuen Chun, Mr. Ho Chi Hong, Mr. Chan Ka Yu, Mr. Lo Ki Chiu and Mr. Leung Wai Lim will retire as Directors by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM.

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

DIRECTORS' SERVICE CONTRACTS

Details of Director's service contracts are set out in the section headed "Biographical Details of the Directors and Senior Management" on page 12 to 16 in this report.

None of the Directors being proposed for re-election at the forthcoming AGM has a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

COMPETING INTERESTS

Neither the Directors, the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Review Year, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

NON-COMPETITION UNDERTAKING

Each of the controlling shareholders and the executive Directors has made an annual declaration to the Company that since the Listing Date and up to 31 March 2019, he/she/it has complied with the terms of non-competition undertakings ("**Non-Competition Undertakings**") given in favour of the Company. The independent non-executive Directors have also reviewed the status of compliance by each of the controlling shareholders and executive Directors with the undertakings stipulated in the Non-Competition Undertakings and have confirmed that, as far as the independent non-executive Directors can ascertain, there is no breach of any of such undertakings.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets and liabilities of the Group for the last four financial years, as extracted from the audited consolidated financial statements in this report and the Prospectus, is set out on page 116 in this report.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance coverage for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising from corporate activities.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

No Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party since the Listing Date and up to 31 March 2019.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as otherwise disclosed, no contract of significance to which the Company, its holding companies, or any of its subsidiaries was a party, and in which the controlling shareholders of the Company had a material interest, either directly or indirectly, subsisted or at any time during the Review Year.

MANAGEMENT CONTRACTS

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management of the Group are set out in the section headed "Biographical Details of the Directors and Senior Management" on pages 12 to 16 in this report.

EMOLUMENT POLICY FOR DIRECTORS

The Remuneration Committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group. The Remuneration Committee recommends Directors' remuneration to the Board by reference to the benchmarking of the market. The Company also looks into individual Director's competence, duties, responsibilities, performance and the results of the Group in determining the exact level of remuneration for each Director.

DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' and chief executives' emoluments and the five highest paid individuals are set in note 9 to the consolidated financial statements.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND THE ASSOCIATED CORPORATIONS

As at 31 March 2019, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code, notified to the Company and the Stock Exchange, were as follows:

Long Position in Our Shares

Name of Director	Capacity/Nature of interest	Number of Shares held [(1)]	Percentage of shareholding
Mr. Man Hoi Yuen[(2)]	Interest in a controlled corporation	360,000,000 (L)	75%
Ms. Ng Yuen Chun[(3)]	Interest of spouse	360,000,000 (L)	75%

Notes:

(1) The letters "L" denotes the respective "long position" (as defined under Part XV of the SFO) of the relevant person/entity in such Shares.

(2) Hoi Lang Holdings Ltd. held 75% of the total issued share capital of our Company and Hoi Lang Holdings Ltd. was in turn owned by Mr. Man Hoi Yuen (our executive Director and our chairman), Ms. Ng Yuen Chun (our executive Director) and Mr. Ho Chi Hong (our executive Director and our chief executive officer) as to 50%, 30% and 20%, respectively.

(3) Ms. Ng Yuen Chun is the spouse of Mr. Man Hoi Yuen. Therefore, Ms. Ng Yuen Chun and Mr. Man Hoi Yuen are deemed or taken to be interested in the Shares held by Hoi Lang Holdings Ltd under the SFO.

Long Position in the Shares of Associated Corporation

Name of Director	Name of associated corporation	Capacity/Nature of interest	Number of shares held in the associated corporation (1)	Percentage of shareholding
Mr. Man Hoi Yuen	Hoi Lang Holdings Ltd.	Beneficial owner	50 shares (L)	50%
Ms. Ng Yuen Chun	Hoi Lang Holdings Ltd.	Beneficial owner	30 shares (L)	30%
Mr. Ho Chi Hong	Hoi Lang Holdings Ltd.	Beneficial owner	20 shares (L)	20%

Note:

(1) The letters "L" denotes the respective "long position" (as defined under Part XV of the SFO) of the relevant person/entity in the shares of the relevant associated corporation.

Save as disclosed above, as at 31 March 2019, none of the Directors had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

INTERESTS OF SUBSTANTIAL AND OTHER SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2019, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in Shares or underlying Shares which would fell to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Name of Shareholders	Capacity/Nature of interest	Number of Shares (1)	Percentage of shareholding
Hoi Lang Holdings Ltd.(2)	Beneficia owner	360,000,000 (L)	75%

Notes:

(1) The letters "L" denotes the respective "long position" (as defined under Part XV of the SFO) of the relevant person/entity in such Shares.

(2) Hoi Lang Holdings Ltd. held 75% of the total issued share capital of our Company and Hoi Lang Holdings Ltd. was in turn owned by Mr. Man Hoi Yuen (our executive Director and chairman of our Board), Ms. Ng Yuen Chun (our executive Director) and Mr. Ho Chi Hong (our executive Director and chief executive officer) as to 50%, 30% and 20%, respectively.

Save as disclosed above, as at 31 March 2019, so far as the Directors were aware, none of the persons (other than the Directors or chief executives of the Company) had, or was deemed to have interests or short positions in the Shares and underlying Shares which were required to be recorded in the register of interests kept by the Company pursuant to Section 336 of the SFO, and which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 6 December 2018. The principal terms of the Share Option Scheme are summarised in Appendix IV to the Prospectus. The purpose of the Share Option Scheme is to attract and retain the best available personnel of the Group, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group. The maximum number of Shares in respect of which share options may be granted under the Share Option Scheme and any other schemes shall not, in aggregate, exceed 48,000,000 Shares (representing 10% of the Share in issue as at the date of this report), unless otherwise approved by the shareholders of the Company. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 6 December 2018, and there is no outstanding share option as at 31 March 2019.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

At no time during the Review Year and up to the date of this report was the Company or any of its subsidiaries or a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any body corporate.

MAJOR SUPPLIERS AND CUSTOMERS

The percentage of sales and purchases for the Review Year attributable to the Group' major customers and suppliers are as follow:

Sales

– the largest customer	72.3% (FY2018: 65.4%)
– five largest customers	93.9% (FY2018: 97.0%)

Purchases

– the largest supplier	16.5% (FY2018:10.3%)
– five largest suppliers	61.4% (FY2018:31.3%)

None of the Directors, their close associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in the major customers or suppliers noted above.

RELATED PARTIES TRANSACTIONS

Details of the significant related party transactions undertaken in the normal course of business are set out in the note 32 to the consolidated financial statements. One related parties transaction constituted exempted continuing connected transactions as a de minimis transaction under Rule 14A.76(1)(c) of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

SUBSIDIARIES

Details of the subsidiaries of the Company are set out in note 15 to the consolidated financial statements.

Directors' Report

USE OF PROCEEDS

The details of the use of proceeds for the Review Year is set out in the section headed "Management Discussion and Analysis" on page 10 in this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules since the Listing Date and up to the date of this report.

CONTINUING CONNECTED TRANSACTION

During the year ended 31 March 2019, the Group had a continuing connected transaction, details of which are set out below:

Headquarter Office Tenancy Agreement

On 19 September 2018, a tenancy agreement (the "**Headquarter Office Tenancy Agreement**") was entered into between Hoi Sing Holdings (HK) Limited ("**Hoi Sing Holdings**") as landlord, and our Company as tenant, under which Hoi Sing Holdings agreed to lease Unit 8, 39/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong with a gross floor area of 2,755 sq.ft., for a term ending on 31 March 2021 to our Company for office use. Pursuant to the Headquarter Office Tenancy Agreement, the monthly rental payable to Hoi Sing Holdings shall be in the sum of HK$44,000 (exclusive of government rent, management fees and other utilities outgoings which are payable by our Group). The term of the Headquarter Office Tenancy Agreement may be renewed as the parties thereto mutually agree.

For the year ended 31 March 2019, the aggregate rentals paid to Hoi Sing Holdings under the Headquarter Office Tenancy Agreement was approximately HK$528,000.

Hoi Sing Holdings principally engages in property investment. As at 31 March 2019, Hoi Sing Holdings is directly owned as to 50% by Mr. Man and as to 50% by Mrs. Man, each a Director and controlling shareholder of the Company, and hence Hoi Sing Holdings is a connected person of the Company.

The Independent Non-executive Directors of the Company, who are not interested in any connected transaction with the Group, have reviewed and confirmed that the continuing connected transaction as set out above has been entered into by the Group in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have also reviewed aforesaid continuing connected transaction and confirmed to the Board that nothing has come to their attention that causes them to believe that it has not been approved by the Board of the Company; that it was not, in all material respects, in accordance with the pricing policies of the Group if the transaction involves the provision of goods or services by the Group; that it was not entered into, in all material respects, in accordance with the relevant agreements governing the transaction; and that the relevant annual cap has been exceeded.

Directors' Report

RETIREMENT SCHEME

The Group participates in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). Save as the aforesaid, the Group did not participate in any other pension schemes during the Review Year.

AUDITORS

The consolidated financial statement for the Review Year have been audited by HLB Hodgson Impey Cheng Limited, who will retire and, being eligible, offer itself for re-appointment at the forthcoming AGM.

EVENTS AFTER THE REVIEW YEAR

There have been no other material events occurring after 31 March 2019 and up to the date of this report.

On behalf of the Board
Man Hoi Yuen
Chairman and executive Director

Hong Kong, 27 June 2019

Independent Auditors' Report

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

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

TO THE SHAREHOLDERS OF
YIELD GO HOLDINGS LTD.
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Yield Go Holdings Ltd. (the "**Company**") and its subsidiaries (collectively referred to as ("**the Group**")) set out on pages 48 to 115, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Accounting for contract revenue	
Refer to Notes 4 and 5 to the consolidated financial statements	
We identified the revenue recognition of contracting service amounted to approximately HK$669,780,000 as a key audit matter due to significant management judgements and estimation are required in the determination of the total outcome of the contracting service contracts as well as the stage of completion of contracting service.	• Reviewing the contract sum and budgeted costs to respective signed contracts and budgets prepared by management. • Understanding from management about how the budgets were prepared and the respective stage of completion were determined. • Reviewing the reasonableness of key judgements inherent in the budgets. • Obtaining the certificates issued by customers to evaluate the reasonableness of stage of completion as at year end. • Assessing the reliability of the budgets by comparing the actual outcome against management's estimation of completed contracts on a sample basis.

OTHER INFORMATION

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

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THE 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 of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

The engagement director on the audit resulting in this independent auditors' report is Lo Kin Kei.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Lo Kin Kei
Practising Certificate Number: P06413

Hong Kong, 27 June 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	5	**669,780**	560,283
Direct costs		**(589,352)**	(498,849)
Gross profit		**80,428**	61,434
Other income and gains/(losses) – net	6	**62**	56
Administrative and other operating expenses		**(32,531)**	(12,912)
Finance costs	10	**(1,828)**	(1,657)
Profit before income tax	7	**46,131**	46,921
Income tax expense	11	**(10,168)**	(8,327)
Profit and total comprehensive income for the year attributable to owners of the Company		**35,963**	38,594
Earnings per share attributable to owners of the Company – Basic and diluted earnings per share	12	**HK9.22 cents**	HK10.72 cents

Details of dividends are disclosed in Note 13 to the consolidated financial statements.

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

Consolidated Statement of Financial Position

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment	16	**150**	262
Deferred tax assets	25	**36**	–
		186	262
Current assets			
Contract assets	17	**242,744**	94,457
Trade and other receivables	18	**43,615**	39,122
Cash and bank balances	19	**50,472**	26,766
Restricted cash	20	**3,037**	–
		339,868	160,345
Total assets		**340,054**	160,607
Current liabilities			
Contract liabilities	17	**–**	16,009
Trade and other payables	21	**95,259**	38,718
Amount due to a director	22	**–**	1,293
Bank borrowings	23	**25,087**	33,604
Current income tax liabilities		**4,966**	1,959
		125,312	91,583
Net current assets		**214,556**	68,762
Total assets less current liabilities		**214,742**	69,024
Net assets		**214,742**	69,024
Equity attributable to owners of the Company			
Capital and reserves			
Share capital	26	**4,800**	200
Reserves	27	**209,942**	68,824
Total equity		**214,742**	69,024

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

Mr. Man Hoi Yuen	**Mr. Ho Chi Hong**
Director	*Director*

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

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	Share capital HK$'000 *(Note 26)*	Share premium HK$'000 *(Note 27)*	Other reserve HK$'000 *(Note 27)*	Retained earnings HK$'000	Total HK$'000
Balance as at 1 April 2017	200	–	–	30,230	30,430
Profit and total comprehensive income for the year	–	–	–	38,594	38,594
Balance as at 31 March 2018	200	–	–	68,824*	69,024
Balance as at 1 April 2018 (as originally stated)	200	–	–	68,824	69,024
Effect arising from initial application of HKFRS 9 *(Note)*	–	–	–	(104)	(104)
Adjusted balance as at 1 April 2018	200	–	–	68,720	68,920
Profit and total comprehensive income for the year	–	–	–	35,963	35,963
Reorganisation	(200)	–	200	–	–
Shares issued pursuant to the capitalisation issue	3,600	(3,600)	–	–	–
Share issued pursuant to the share offer	1,200	124,800	–	–	126,000
Share issuance costs	–	(16,141)	–	–	(16,141)
Balance as at 31 March 2019	**4,800**	**105,059***	**200***	**104,683***	**214,742**

Note: Upon the adoption of Hong Kong Financial Reporting Standard 9 "*Financial Instruments*" ("**HKFRS 9**") on 1 April 2018, the cumulative impact of approximately HK$104,000 was recorded as an adjustment to the retained earnings as at 1 April 2018, which are all due to additional impairment loss on trade receivables and contract assets made under the expected credit loss model under HKFRS 9 and its corresponding deferred tax impact as at 1 April 2018. More details are set out in Note 2.

* These reserve accounts comprise the consolidated reserves of approximately HK$209,942,000 (2018: approximately HK$68,824,000) in the consolidated statement of financial position.

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Cash flows from operating activities			
Profit before income tax		**46,131**	46,921
Adjustments for:			
Depreciation		**269**	436
Interest income		**(78)**	(2)
Interest expense		**1,828**	1,657
Provision for loss allowance on trade receivables – net		**25**	–
Provision for loss allowance on contract assets – net		**66**	–
Written-off of retention receivables		**12**	–
Operating profit before changes in working capital		**48,253**	49,012
Increase in contract assets		**(148,355)**	(26,733)
Increase in trade and other receivables		**(4,653)**	(1,305)
Decrease in amount due from a director		**–**	11,748
(Decrease)/Increase in contract liabilities		**(16,009)**	16,009
Increase/(Decrease) in trade and other payables		**53,504**	(31,629)
(Decrease)/Increase in amount due to a director		**(1,293)**	1,293
Cash (used in)/generated from operations		**(68,553)**	18,395
Tax paid		**(7,176)**	(12,908)
Net cash (used in)/generated from operating activities		**(75,729)**	5,487
Cash flows from investing activities			
Interest received		**78**	2
Purchases of property, plant and equipment		**(157)**	(8)
Net cash used in investing activities		**(79)**	(6)
Cash flows from financing activities			
Interest paid	30	**(1,828)**	(1,657)
Proceeds from share offer – net		**109,859**	–
Proceeds from bank borrowings	30	**140,135**	124,776
Repayments of bank borrowings	30	**(148,652)**	(121,565)
Repayments of finance lease liability	30	**–**	(429)
Dividends paid		**–**	(10,000)
Net cash generated from/(used in) financing activities		**99,514**	(8,875)
Net increase/(decrease) in cash and cash equivalents		**23,706**	(3,394)
Cash and cash equivalents at beginning of the year		**26,766**	30,160
Cash and cash equivalents at end of the year	19	**50,472**	26,766

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

1. GENERAL INFORMATION

Yield Go Holdings Ltd. (the "**Company**") is an investment holding company. The Company and its subsidiaries (collectively referred as to ("**the Group**")) is principally engaged in fitting-out services and supply of fitting-out materials.

The Company was incorporated in the Cayman Islands on 9 May 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 31 December 2018.

As at 31 March 2019, its parent and ultimate holding company is Hoi Lang Holdings Ltd. ("**Hoi Lang**"), a company incorporated in the British Virgin Islands (the "**BVI**") and owned by Mr. Man Hoi Yuen ("**Mr. Man**"), Ms. Ng Yuen Chun ("**Mrs. Man**"), spouse of Mr. Man and Mr. Ho Chi Hong ("**Mr. Ho**").

The addresses of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is Unit 8, 39/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company. All values are rounded to the nearest thousands ("**HK$'000**") except when otherwise indicated.

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange (the "**Reorganisation**"), the group entities were under the control of Mr. Man and Mrs. Man. Through the Reorganisation, the Company became the holding company of the companies comprising the Group on 18 September 2018. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies comprising the Group after the Reorganisation throughout the years presented.

The consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the years presented in accordance with Accounting Guideline 5 "*Merger Accounting for Common Control Combinations*" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years presented, which include the results, changes in equity and cash flows of the companies comprising the Group after the Reorganisation, have been prepared as if the current group structure had been in existence throughout the years presented, or since their respective dates of incorporation, where this is a shorter period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except otherwise stated.

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

2.1.1 New and amended standards adopted by the Group

The Group has adopted the following new and revised HKFRSs for the first time in the current year:

HKFRS 9	Financial Instruments
Amendments to HKFRS 1 and HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

Other than as explained below regarding the impact of HKFRS 9, the adoption of the above new and revised standards has had no significant financial effect on the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 New and amended standards adopted by the Group (continued)

Adoption of HKFRS 9

During the year ended 31 March 2019, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) expected credit losses ("**ECL**") for financial assets, contract assets and other items subject to ECL assessment, and (iii) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, for example, applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018 determined under HKFRS 9. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 (determined under HKFRS 9) are recognised in the opening retained earnings as at 1 April 2018, without restating the financial information for the year ended 31 March 2018.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 New and amended standards adopted by the Group (continued)

Adoption of HKFRS 9 (continued)

Summary of effects arising from initial application of HKFRS 9

Impact on the consolidated statement of financial position

The table below illustrates the classification and measurement (including impairment) of financial assets, financial liabilities, contract assets and deferred tax assets which are subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application on 1 April 2018.

	Financial assets/ financial liabilities/ contract assets	Original measurement category under HKAS 39	New measurement category under HKFRS 9	Original carrying amount under HKAS 39 HK$'000	Additional loss allowance recognised under HKFRS 9 and the respective deferred tax impact HK$'000	New carrying amount under HKFRS 9 HK$'000
1	Trade receivables	Loans and receivables	Financial assets at amortised cost	21,701	(123)	21,578
2	Retention receivables	NA	NA	4,754	–	4,754
3	Deposits and other receivables	Loans and receivables	Financial assets at amortised cost	9,244	–	9,244
4	Cash and bank balances	Loans and receivables	Financial assets at amortised cost	26,766	–	26,766
5	Trade payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost	34,856	–	34,856
6	Other payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost	3,862	–	3,862
7	Amount due to a director	Financial liabilities at amortised cost	Financial liabilities at amortised cost	1,293	–	1,293

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 New and amended standards adopted by the Group (continued)

Adoption of HKFRS 9 (continued)

Summary of effects arising from initial application of HKFRS 9 (continued)

Impact on the consolidated statement of financial position (continued)

	Financial assets/ financial liabilities/ contract assets	Original measurement category under HKAS 39	New measurement category under HKFRS 9	Original carrying amount under HKAS 39 HK$'000	Additional loss allowance recognised under HKFRS 9 and the respective deferred tax impact HK$'000	New carrying amount under HKFRS 9 HK$'000
8	Bank borrowings	Financial liabilities at amortised cost	Financial liabilities at amortised cost	33,604	–	33,604
9	Contract assets	NA	NA	94,457	(2)	94,455
					(125)	
	Recognition of deferred tax assets				21	
	Total				**(104)**	

There were no financial liabilities which the Group had previously designated as at fair value through profit or loss ("**FVTPL**") or measured at amortised cost under HKAS 39 that were subject to reclassification, or which the Group has elected to reclassify upon the application of HKFRS 9.

The Group applies the HKFRS 9 simplified approach to measure ECL which use a lifetime ECL for all trade receivables, retention receivables and contract assets. To measure the ECL, the trade receivables, retention receivables and contract assets have been grouped based on shared credit risk characteristics by reference to past default experience, current past due exposure of the debtor and forward-looking information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 New and amended standards adopted by the Group (continued)

Adoption of HKFRS 9 (continued)

Summary of effects arising from initial application of HKFRS 9 (continued)

Impact on the consolidated statement of financial position (continued)

The Group applies the HKFRS 9 general approach to measure ECL on deposits and other receivables. The Group has applied the general approach in HKFRS 9 to measure the loss allowance at 12-month ECL ("**12m ECL**"), since there has not been a significant increase in credit risk since initial recognition for deposits and other receivables. The ECL for bank balances is insignificant because such assets are placed in banks with good reputation and there has been no recent history of default in relation to these banks.

As at 1 April 2018, the additional credit loss allowance of approximately HK$125,000, together with the recognition of the corresponding deferred effects as deferred tax assets of approximately HK$21,000, totalling approximately HK$104,000 has been recognised against retained earnings as at 1 April 2018. The additional loss allowance is charged against the respective asset.

The additional impairment loss allowance upon the initial application of HKFRS 9 as disclosed above resulted entirely from a change in the measurement attribute of the loss allowance relating to each financial asset, retention receivable and contract asset.

No loss allowance provision was recognised for retention receivables, deposits and other receivables and bank balances as at 31 March 2018 and 1 April 2018, respectively. The loss allowances for trade receivables and contract assets as at 31 March 2018 reconcile to the opening loss allowance as at 1 April 2018 is as follows:

	Contract assets HK$'000	Trade receivables HK$'000	Total HK$'000
Closing balances as at 31 March 2018	–	–	–
Amounts remeasured through opening retained earnings	2	123	125
Opening balances as at 1 April 2018	2	123	125

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 New and amended standards adopted by the Group (continued)

Adoption of HKFRS 9 (continued)

Summary of effects arising from initial application of HKFRS 9 (continued)

Impacts on opening consolidated statement of financial position arising from the application of all new standards

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

	31 March 2018 (Audited) HK$'000	HKFRS 9 HK$'000	1 April 2018 (Restated) HK$'000
Non-current assets			
Deferred tax assets	–	21	21
Current assets			
Contract assets	94,457	(2)	94,455
Trade and other receivables	39,122	(123)	38,999
Equity			
Reserves – retained earnings	68,824	(104)	68,720

Impact on the consolidated statement of cash flows

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.2 Standards, amendments and interpretations to existing standards that have been issued but are not yet effective and have not been early adopted by the Group

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting[5]

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

The Group is in the process of making an assessment of what the impact of these new or revised standards, amendments and interpretations is expected to be in the period of initial application. So far the Group has not identified any aspects of the new standards which may have an impact on the consolidated financial statements. Further details of the expected impacts are discussed below.

HKFRS 16 "*Leases*" ("**HKFRS 16**")

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

HKFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees. However, the standard does not significantly change the accounting of lessors.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of many of the Group's lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments to the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.2 Standards, amendments and interpretations to existing standards that have been issued but are not yet effective and have not been early adopted by the Group (continued)

HKFRS 16 (continued)

Total operating lease commitment of the Group as at 31 March 2019 amounted to approximately HK$2,105,000 *(Note 31)*. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) 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 fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(a) Business combination

Except for the Reorganisation, the Group uses the acquisition method of accounting 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 acquire 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. Acquisition related costs are expensed as incurred. 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 interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

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 profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(b) Transaction with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 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 of the investments in subsidiaries is required upon receiving a dividend 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 statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Merger accounting for common control combinations

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

2.4 Segment reporting

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

2.5 Foreign currency translation

(a) 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 consolidated financial statements are presented in HK$, which is the Company's functional and presentation currency.

(b) 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 profit or loss.

All foreign exchange gains and losses are presented in the profit or loss on a net basis within other income and gains/(losses)–net.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment

The property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. 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 costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives or lease term, where applicable, as follows:

Furniture, fixtures and office equipment	20%
Motor vehicle	30%

The assets' 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of profit or loss and other comprehensive income.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation 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 of disposal 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 impairment are reviewed for possible reversal of the impairment at each reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial instruments (before adoption of HKFRS 9 on 1 April 2018)

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

2.8.1 Financial assets

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

(a) Effective interest method

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

Income is recognised on an effective interest basis.

(b) Loans and receivables

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Instruments (before adoption of HKFRS 9 on 1 April 2018) (continued)

2.8.1 Financial assets (continued)

(c) Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Instruments (before adoption of HKFRS 9 on 1 April 2018) (continued)

2.8.1 Financial assets (continued)

(d) Derecognition of financial assets

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

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

2.8.2 Financial liabilities and equity instruments

(a) Classification as debt or equity

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

(b) Equity instruments

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

(c) Financial liabilities

Financial liabilities of the Group (including trade and other payables, amount due to a director and bank borrowings) are subsequently measured at amortised cost using the effective interest method.

(d) Effective interest method

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

Interest expense is recognised on an effective interest basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Instruments (before adoption of HKFRS 9 on 1 April 2018) (continued)

2.8.2 Financial liabilities and equity instruments (continued)

(e) Derecognition of financial liabilities

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

2.9 Financial instruments (after adoption of HKFRS 9 on 1 April 2018)

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

2.9.1 Financial assets

All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of financial asset within the timeframe established by the market concerned.

All recognised financial assets are required to be subsequently measured at amortised cost or fair value on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

(a) Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All of the Group's financial assets are subsequently measured at amortised cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial instruments (after adoption of HKFRS 9 on 1 April 2018) (continued)

2.9.1 Financial assets (continued)

(b) Amortised cost and effective interest rate

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding ECL, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount of the debt instrument on initial recognition.

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

Interest income is recognised in profit or loss.

(c) Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the year ended 31 March 2019, there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on derecognition of financial assets described below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial instruments (after adoption of HKFRS 9 on 1 April 2018) (continued)

2.9.1 Financial assets (continued)

(d) Impairment of financial assets

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

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument (referred to as Stage 2 and Stage 3). In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date (referred to as Stage 1). Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and assesses the lifetime ECL on a collective basis. The estimate of the credit loss is determined based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial instruments (after adoption of HKFRS 9 on 1 April 2018) (continued)

2.9.1 Financial assets (continued)

(e) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) and internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in debtor's ability to meet its debt obligations;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default (for example no default history), (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial instruments (after adoption of HKFRS 9 on 1 April 2018) (continued)

2.9.1 Financial assets (continued)

(f) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

(g) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence that a financial asset is credit-impaired includes observable data about the following events:

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

(h) Write-off policy

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial instruments (after adoption of HKFRS 9 on 1 April 2018) (continued)

2.9.1 Financial assets (continued)

(i) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (for example the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

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

The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate grouping.

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

- Nature of financial instruments;
- Past-due status;
- Aging of debtors; and
- Nature, size and industry of debtors.

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

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

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12m ECL at the current reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial instruments (after adoption of HKFRS 9 on 1 April 2018) (continued)

2.9.1 Financial assets (continued)

(j) Derecognition of financial assets

The Group derecognises a financial asset, if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows from the financial asset expire; or (ii) the contractual rights to receive the cash flows of the financial asset have been transferred, the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of derecognition of transfer of cash flows ("**pass through**" requirements) and transfers substantially all the risks and rewards of ownership of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred; and
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in equity.

2.9.2 Financial liabilities and equity instruments

(a) Classification as debt or equity

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

(b) Equity instruments

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

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

(c) Financial liabilities

Financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial instruments (after adoption of HKFRS 9 on 1 April 2018) (continued)

2.9.2 Financial liabilities and equity instruments (continued)

(d) Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

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

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

(e) Derecognition of financial liabilities

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

2.9.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where 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. There are also arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Contracts with customers

Contracts with customers are contracts specifically negotiated with a customer. Its performance obligation is to construct an asset or a group of assets where its control is transferred over time. The accounting policy for contract revenue is set out in Note 2.21. When the outcome of a contract can be estimated reliably, contract revenue is recognised by reference to the stage of completion of the contract at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Contracts with customers in progress at the end of the reporting period are recorded at the net amount of costs incurred plus recognised profits less recognised losses and progress billings, and are presented in the consolidated statement of financial position as the "Contract assets" (as an asset) or the "Contract liabilities" (as a liability), as applicable. Progress billings not yet paid by the customer are included under "Trade and other receivables".

2.11 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in 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-current assets.

Trade and other receivables are recognised initially at their transaction price as determined under HKFRS 15 and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.12 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.13 Share capital

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.

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if the payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Borrowings

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.

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 profit or loss over the period of the borrowings using the effective interest method.

2.16 Borrowing costs

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

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

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. 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.

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 is recognised, using the liability method, on temporary differences, arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax liabilities are not recognised 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 neither accounting nor taxable profit or loss is affected. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively 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 taxation liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Current and deferred income tax (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 Employee benefits

(a) 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 end of the reporting period.

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

(b) Retirement benefits

The Group operates defined contribution plans and pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of such obligation can be made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 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 the amounts have been reliably estimated. Provisions are not recognised for future operating losses.

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 obligations. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resource will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a product or service to a customer. "Control" refers to the customer's ability to direct the use of and obtain substantially all of the remaining benefits from an asset.

(a) Contract revenue

When control of products and services is transferred over time, revenue is recognised progressively using output method which recognises revenue on the basis of direct measurements of the value to the customer of the promised goods or services transferred to date relative to the remaining goods or services promised under the contract with the customer. The progress towards complete satisfaction of the performance obligations in the contract is determined based on the value of performance completed to date as a percentage of total transaction price to depict the transfer of control of the goods or services to the customer. The Group recognises revenue over time only if it can reasonably measure its progress toward complete satisfaction of the performance obligation. However, if the Group cannot reasonably measure the outcome but expects to recover the costs incurred in satisfying the performance obligation, then it recognises revenue to the extent of the costs incurred.

The values of performance completed to date of each of the individual contracts are determined by the Group based on surveys of the fitting-out works completed by the Group to date as stated on the payment certificates issued by the Group's customers or other representatives appointed by the Group's customers. Such payment certificates certifying the value of works carried out to date are issued taken into account of the payment applications submitted by the Group in relation to the actual amounts of works completed by the Group which are prepared based on internal progress reports of the Group.

In cases where the payment certificates do not take place as at the Group's reporting period-end dates or do not exactly cover periods up to the reporting period-end dates, the revenue for the period from the last payment certificates up to the reporting period-end dates is estimated based on the actual amounts of works performed by the Group during such period as indicated by the internal progress reports and the payment applications prepared by the surveyors of the Group and may also be determined with reference to the next payment certificates issued by the Group's customers or other representatives appointed by the Group's customers that takes place subsequent to the reporting period-end dates.

When control of products is transferred at a point in time, revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the Group transfers control over the products to the customer.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue recognition (continued)

(a) Contract revenue (continued)

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

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

Incremental cost of obtaining a contract is capitalised if the Group expects to recover those costs, unless the amortisation period for such costs would be one year or less. Costs that will be incurred regardless of whether the contract is obtained are expensed as they are incurred.

The Group presents a contract liability or a contract asset in its consolidated statement of financial position when either party to the contract has performed. The Group performs by transferring goods or services to the customer, and the customer performs by paying consideration to the Group.

Any unconditional rights to consideration are presented separately as "Trade receivables".

Contract liabilities represent the Group's obligations to transfer goods or services to a customer for which the Group has received consideration, or for which an amount of consideration is due from the customer.

Contract assets represent the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditional on something other than the passage of time. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, for example only the passage of time is required before payment of that consideration is due.

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

After adoption of HKFRS 9 on 1 April 2018, retention receivables and contract assets are assessed for impairment using the same lifetime ECL methodology as that for trade receivables, as described in Note 2.9.1 for financial assets.

(b) Interest income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial information in the period in which the dividends are declared by the directors in case of interim dividends or approved by the Company's shareholders in case of final dividends.

2.23 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities exposed it to a variety of financial risks: market risk (including foreign currency risk and 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.

(a) Market risk

(i) Foreign currency risk

The assets and liabilities of each company within the Group are mainly denominated in their respective functional currencies. The directors are of the opinion that the volatility of the Groups profits against changes in exchange rates of foreign currencies arising from these assets and liabilities would not be significant. Accordingly, no sensitivity analysis is performed.

(ii) Cash flow and fair value interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate borrowings, while the Group's cash flow interest rate risk relates primarily to variable-rate borrowings. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the Hong Kong Dollar Prime Rate arising from the Group's Hong Kong dollar denominated borrowings.

The Group currently does not have a formal interest rate hedging policy in relation to cash flow and fair value interest rate risks as the management considers that such risks are insignificant to the Group. The management monitors the Group's exposure on an ongoing basis and will consider hedging the interest rate when the need arise.

As at 31 March 2019, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit before income tax for the year ended 31 March 2019 would have been decreased/increased by approximately HK$251,000 (2018: approximately HK$334,000). The sensitivity analysis has been determined assuming that the change in interest rates had occurred throughout the year end had been applied to the exposure to interest rate risk for variable-rate bank borrowings in existence at each reporting period. The 100 basis points decreased/increased represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group over the period until the end of next reporting period.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk

Credit risk arises mainly from trade and other receivables, contract assets, cash and bank balances and restricted cash. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The credit risk of bank balances and restricted cash are limited because the counterparties are banks and insurance companies with sound credit ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks and insurance companies and thus the risk of default is regarded as low. As at 31 March 2019, the internal credit rating of bank balances and restricted cash were performing. For the definition of performing, please refer to the table of the Group's credit risk grading as below.

For deposits and other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of deposits and other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balances of deposits and other receivables.

In respect of trade and other receivables and contract assets, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivable and contract asset balance at the end of the reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

As at 31 March 2019, there were two customers and one customer (2018: three customers and one customer) which individually contributed over 10% of the Group's trade and other receivables and contract assets respectively. The aggregate amounts of trade and other receivables and contract assets from these customers amounted to 74.5% (2018: 86.6%) of the Group's trade and other receivables and contract assets as at 31 March 2019. The Group has set up long-term cooperative relationship with these debtors. In view of the history of business dealings with the debtors and the sound collection history of the receivables due from them, management believes that there is no material credit risk, inherent in the Group's outstanding receivables balance due from these debtors.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

The Group uses four categories for those receivables which reflect their credit risk and how the loss allowance provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

The following table shows the Group's credit risk grading framework:

Category	Group definition of category	Basis for recognition of ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12m ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The Group accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group considers historical loss rates for each category of receivables and are adjusts for forward-looking information (for example, the current and forecasted economic growth rates in Hong Kong, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue costs or efforts. Such forward-looking information is used by the management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date. The grouping is regularly reviewed by the management to ensure relevant information about specific debtors is updated.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Trade receivables, retention receivables and contract assets

The Group applies the simplified approach to providing for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables, retention receivables and contract assets.

To measure the ECL, trade receivables, retention receivables and contract assets have been grouped based on shared credit risk characteristics by reference to past default experience, current past due exposure of the debtor and forward-looking information. The loss allowance provision for trade receivables and contract assets as at 31 March 2019 is determined as follows, the ECL below also incorporate forward-looking information.

	Within 30 days	Over 31 days and within 60 days	Over 61 days and within 90 days	Over 90 days	Total
Trade receivables					
As at 31 March 2019					
Expected credit loss rate (average)	–	–	–	3.9%	
Gross carrying amount (HK$'000)	18,923	2,781	50	3,738	25,492
Loss allowance provision (HK$'000)	2	–	–	146	148

	Total
Contract assets	
As at 31 March 2019	
Expected credit loss rate (average)	–
Gross carrying amount (HK$'000)	242,812
Loss allowance provision (HK$'000)	68

For the retention receivables, as there has not been a significant increase in credit risk since initial recognition. In the opinion of directors of the Company, the amount of ECL for the retention receivables is insignificant in which no credit loss allowance was recognised against the retained earnings or charged against the respective asset as at 31 March 2019.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Trade receivables, retention receivables and contract assets (continued)

The movement in the provision for loss allowance in respect of trade receivables, retention receivables and contract assets during the year ended 31 March 2019 were as follows:

	Contract assets HK$'000 *(Note 17)*	Trade receivables HK$'000 *(Note 18)*	Retention receivables HK$'000 *(Note 18)*	Total HK$'000
As at 31 March 2017, 1 April 2017 and 31 March 2018	–	–	–	–
Effect arising from initial application of HKFRS 9	2	123	–	125
As at 1 April 2018 (restated)	**2**	**123**	**–**	**125**
Provision made for the year	**68**	**147**	**12**	**227**
Reversal for the year	**(2)**	**(122)**	**–**	**(124)**
Written-off for the year	**–**	**–**	**(12)**	**(12)**
As at 31 March 2019	**68**	**148**	**–**	**216**

For the year ended 31 March 2019, the provision for, reversal of and written-off of loss allowance was recognised in profit or loss in administrative and other operating expenses in relation to the impaired trade receivables, retention receivables and contract assets.

(ii) Deposits and other receivables

As at 31 March 2019, the internal credit rating of deposits and other receivables were performing. Management considered all of these financial assets are considered to have low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near term. Thus, no loss allowance provision was recognised during the year ended 31 March 2019.

The Group made no write-off of trade receivables, deposits and other receivables and contract assets during the year ended 31 March 2019.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet their liquidity requirements in the short and long term. Management believes there is no significant liquidity risk as the Group has sufficient financial resources to fund their operations.

The following table details the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating based on current rates at the reporting date) and the earliest date the Group may be required to pay.

	On demand or within one year HK$'000	Between one and two years HK$'000	Between two and five years HK$'000	Total HK$'000
As at 31 March 2019				
Trade and other payables	**95,259**	**–**	**–**	**95,259**
Bank borrowings	**25,183**	**–**	**–**	**25,183**
	120,442	**–**	**–**	**120,442**
As at 31 March 2018				
Trade and other payables	38,718	–	–	38,718
Amount due to a director	1,293	–	–	1,293
Bank borrowings	34,151	–	–	34,151
	74,162	–	–	74,162

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The following table summarises the maturity analysis of bank borrowings with a repayment on demand clause based on agreed scheduled repayments as set out in the loan agreements. Taking into account the Group's financial position, the directors of the Company do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment date as set out in the loan agreements.

	On demand or within one year HK$'000	**Between one and two years** HK$'000	**Between two and five years** HK$'000	**Total** HK$'000
As at 31 March 2019				
Bank borrowings subject to a repayable on demand clause	**25,183**	**–**	**–**	**25,183**
As at 31 March 2018				
Bank borrowings subject to a repayable on demand clause	34,151	–	–	34,151

3.2 Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, to support the Group's stability and growth; to earn a margin commensurate with the level of business and market risks in the Group's operations 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, obtain new borrowings or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as the total interest-bearing liabilities divided by the total equity.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management (continued)

The gearing ratios of the Group are as follows:

	2019 HK$'000	2018 HK$'000
Total debt	**25,087**	33,604
Total equity	**214,742**	69,024
Gearing ratio	**11.7%**	48.7%

3.3 Fair value

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing model based on discounted cashflow analysis.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated financial statements 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. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Revenue

The contract revenue and profit recognised on a project is dependent on management's estimation of the progress of the satisfaction of performance obligations of a contract over time, measured by the value of performance completed to date of the individual contract as a percentage of total transaction price. Because of the nature of the activity undertaken by the Group, the Group reviews and revises the estimates of contract revenue, contract costs and variation order, prepared for each contract as the contract progresses. Budgeted construction costs are prepared by management on the basis of quotations from time to time provided by the major subcontractors, suppliers and vendors involved and the experience of management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgeted construction costs and revises the budgeted construction costs as appropriate.

Significant judgement is required in estimating the value of performance completed, contract revenue, contract costs and variation work which may have an impact on percentage of completion of the contracts and the corresponding contract revenue and profit to be recognised in an accounting period. In addition, actual outcome in terms of total revenue or costs may be higher or lower than estimation at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimated impairment of trade receivables and contract assets

Before the adoption of HKFRS 9, when there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the asset's original effective interest rate (for example the effective interest rate computed at initial recognition). When the actual future cash flows are less than expected, a material impairment loss may arise.

Since the adoption of HKFRS 9 on 1 April 2018, management estimates the amount of loss allowance for ECL on trade receivables and contract assets based on the credit risk. The loss allowance amount is measured as difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss. The assessment of the credit risk involves high degree of estimation and uncertainty as the directors of the Company estimated the loss rates for debtors by using forward-looking information. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly. More details are set out in Note 3.1 (b).

5. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents revenue from performance of contract works in the ordinary course of business. Revenue recognised during the years ended 31 March 2018 and 2019 are as follows:

(a) Disaggregation of revenue from contracts with customers

	2019 **HK$'000**	2018 HK$'000
By timing of revenue recognition:		
Control transferred over time	**661,982**	560,283
Control transferred at a point in time	**7,798**	–
	669,780	560,283

	2019 **HK$'000**	2018 HK$'000
By type of services:		
Fitting-out services	**661,982**	560,283
Supply of fitting-out materials	**7,798**	–
	669,780	560,283

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Disaggregation of revenue from contracts with customers (continued)

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors regards the Group's fitting-out services and supply of fitting-out materials business as a single operating segment and regularly reviews the operating results of the Group as a whole when making decisions about resources to be allocated and assessing its performance. Also, the Group only engages its business in Hong Kong. Therefore, all revenue of the Group is derived from operations carried out in Hong Kong and all non-current assets of the Group are located in Hong Kong. Accordingly, no segment information is presented.

Information about major customers

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

	2019 HK$'000	2018 HK$'000
Customer A	**484,346[1]**	366,322[1]
Customer B	**N/A[2]**	55,878[1]
Customer C	**N/A[2]**	83,202

[1] The customer represents a collection of companies within a group.

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

(b) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that were unsatisfied (or partially unsatisfied) as at 31 March 2018 and 2019.

	2019 HK$'000
Remaining performance obligations expected to be satisfied during the year ending:	
31 March 2020	**275,490**
31 March 2021	**6,461**
	281,951

	2018 HK$'000
Remaining performance obligations expected to be satisfied during the year ending:	
31 March 2019	250,490

6. OTHER INCOME AND GAINS/(LOSSES) – NET

	2019 HK$'000	2018 HK$'000
Bank interest income	**78**	2
Net foreign exchange (losses)/gains	**(16)**	22
Sundry income	**–**	32
	62	56

7. PROFIT BEFORE INCOME TAX

	2019 HK$'000	2018 HK$'000
Profit before taxation has been arrived at after charging:		
Depreciation of asset under finance lease	**–**	433
Depreciation of owned assets	**269**	3
	269	436
Auditors' remuneration	**1,500**	246
Cost of materials and finished goods	**166,079**	192,740
Listing expenses	**16,926**	3,533
Operating lease rental in respect of machinery and equipment	**27**	55
Operating lease rental in respect of premises	**528**	432
Provision for loss allowance on trade receivables-net	**25**	–
Provision for loss allowance on contract assets-net	**66**	–
Written-off of retention receivables	**12**	–
Staff costs, including directors' emoluments *(Note 8)*	**43,354**	32,191

8. EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2019 HK$'000	2018 HK$'000
Salaries, allowances and other benefits in kind	**41,685**	30,937
Retirement scheme contributions		
– defined contribution plan	**1,669**	1,254
	43,354	32,191

The Group operates a Mandatory Provident Fund Scheme (the "**MPF scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The total expenses recognised in the consolidated statement of profit or loss and other comprehensive income during the years ended 31 March 2018 and 2019 and represented contributions payable to these plans by the Group at rates specified in the rules of plans. Except for the voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years.

9. BENEFITS AND INTEREST OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of each director and chief executive for the years ended 31 March 2018 and 2019 is set out below:

	Fee HK$'000	Salaries, allowances and other benefits in kind HK$'000	Discretionary bonus HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2019					
Executive Directors					
Mr. Man *(Note i)*	**–**	**1,686**	**–**	**18**	**1,704**
Mrs. Man *(Note i)*	**–**	**181**	**–**	**5**	**186**
Mr. Ho *(Note i)*	**–**	**1,061**	**–**	**18**	**1,079**
Independent non-executive directors					
Mr. Chan Ka Yu *(Note ii)*	**45**	**–**	**–**	**–**	**45**
Mr. Lo Ki Chiu *(Note ii)*	**45**	**–**	**–**	**–**	**45**
Mr. Leung Wai Lim *(Note ii)*	**45**	**–**	**–**	**–**	**45**
	135	**2,928**	**–**	**41**	**3,104**
Year ended 31 March 2018					
Executive Directors					
Mr. Man *(Note i)*	–	1,408	–	18	1,426
Mrs. Man *(Note i)*	–	–	–	–	–
Mr. Ho *(Note i)*	–	832	–	18	850
Independent non-executive directors					
Mr. Chan Ka Yu *(Note ii)*	–	–	–	–	–
Mr. Lo Ki Chiu *(Note ii)*	–	–	–	–	–
Mr. Leung Wai Lim *(Note ii)*	–	–	–	–	–
	–	2,240	–	36	2,276

9. BENEFITS AND INTEREST OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive's emoluments (continued)

Notes:

(i) Mr. Man was appointed as director of the Company on 9 May 2018, and was re-designated as an executive director of the Company on 7 June 2018. He was also appointed as chairman of the board of the directors of the Company on 6 December 2018. Mrs. Man was appointed as director of the Company on 9 May 2018, and was re-designated as an executive director of the Company on 7 June 2018. Mr. Ho was appointed as director of the Company on 9 May 2018, and was re-designated as an executive director of the Company on 7 June 2018. He is also the chief executive officer of the Company. They were also directors of certain subsidiaries of the Company and/or employees of the Group for the years ended 31 March 2018 and 2019, and the Group paid emoluments to them in their capacity as the directors of these subsidiaries and/or employees of the Group before their appointment as executive directors of the Company.

(ii) Mr. Chan Ka Yu, Mr. Lo Ki Chiu and Mr. Leung Wai Lim were appointed as independent non-executive directors of the Company on 6 December 2018. During the year ended 31 March 2018, the aforesaid independent non-executive directors have not yet been appointed and received no directors' remuneration in their capacity as directors.

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

(iv) The executive directors' 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 of the Company.

(b) Five highest paid individuals

Of the five individuals with the highest emoluments, two of them are directors for the year ended 31 March 2019 (2018: two), whose emoluments are disclosed above. The emoluments in respect of the remaining three individuals for the year ended 31 March 2019 are as follows (2018: three):

	2019 HK$'000	2018 HK$'000
Salaries, allowances and other benefits in kind	**1,933**	1,302
Discretionary bonuses	**452**	168
Retirement scheme contributions	**54**	54
	2,439	1,524

The emoluments of each of the above non-directors, highest paid individuals were below HK$1,000,000. During the year ended 31 March 2019, no emoluments were paid by the Group to the above highest paid individuals as (i) an inducement to join or upon joining the Group or (ii) as compensation for loss of office as a director or management of any members of the Group (2018: Nil).

10. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest on bank borrowings	**1,828**	1,649
Interest on finance lease	**–**	8
	1,828	1,657

11. INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
Hong Kong profits tax		
– current tax on profits for the year	**10,278**	8,327
– adjustment in respect of prior year	**(95)**	–
	10,183	8,327
Deferred income tax *(Note 25)*	**(15)**	–
Income tax expense	**10,168**	8,327

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. The two-tiered profits tax rates regime will be applicable to a subsidiary of the Group for its annual reporting period beginning on or after 1 April 2018.

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong for the year ended 31 March 2019, except for the qualified entity is calculated in accordance with the two-tiered profit tax rates regime and the profits tax of other group entities in Hong Kong which are not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5% (2018: 16.5%).

11. INCOME TAX EXPENSE (CONTINUED)

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2019 HK$'000	2018 HK$'000
Profit before income tax	**46,131**	46,921
Calculated at the statutory tax rate	**7,612**	7,742
Entity subject to lower statutory tax rate	**(165)**	–
Tax effects of:		
Income not subject to tax	**(13)**	–
Expenses not deductible for tax purposes	**2,818**	583
Tax losses not recognised	**378**	116
Utilisation of previous unrecognised tax losses	**(323)**	(80)
Temporary differences not recognised	**16**	26
Tax concession	**(60)**	(60)
Adjustment in respect of prior year	**(95)**	–
Income tax expense	**10,168**	8,327

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets in respect of the tax losses as the directors of the Company consider that it is uncertain as to the extent that future profits will be available against which tax losses can be utilised in the foreseeable future.

As at 31 March 2019, the Group has unused tax losses of approximately HK$9,340,000 (2018: approximately HK$9,005,000), which are available for offset against future profits that may be carried forward indefinitely and are subject to approval from the Hong Kong Inland Revenue Department.

12. EARNINGS PER SHARE

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 during the year.

	2019	2018
Profit attributable to owners of the Company *(HK$'000)*	**35,963**	38,594
Weighted average number of ordinary shares in issue *(in thousands) (Note)*	**389,918**	360,000
Basic earnings per share *(HK cents)*	**9.22**	10.72

Note: In determining the number of shares in issue, the total of 360,000,000 shares issued, 100 shares issued on the incorporation of the Company, 100 shares issued on the Reorganisation of the Group and 359,999,800 shares issued on capitalisation issue were deemed to have been issued since 1 April 2017.

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

13. DIVIDENDS

	2019 HK$'000	2018 HK$'000
Proposed final – HK 8 cents per ordinary share (2018: Nil)	**38,400**	–

No dividend was paid or proposed for ordinary shareholders of the Company since its incorporation.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting and this proposed final dividend has not been recognised as a liability at the end of the reporting period.

14. FINANCIAL INSTRUMENTS BY CATEGORY

	2019 HK$'000	2018 HK$'000
Financial assets		
At amortised cost:		
Trade and other receivables excluding prepayments	**41,533**	–
Cash and bank balances	**50,472**	–
Restricted cash	**3,037**	–
Loans and receivables:		
Trade and other receivables excluding prepayments	**–**	35,699
Cash and bank balances	**–**	26,766
	95,042	62,465
Financial liabilities		
At amortised cost:		
Trade and other payables	**95,259**	38,718
Amount due to a director	**–**	1,293
Bank borrowings	**25,087**	33,604
	120,346	73,615

15. SUBSIDIARIES

Name of subsidiary	Legal form, date and place of incorporation/ operations	Issued and fully paid up share capital	Proportion ownership interest held by the Company	Principal activities
Link Shing Holdings Ltd. ("**Link Shing**")	Limited liability company incorporated on 11 May 2018, BVI	United states dollars ("**US$**") 100.00	100% (direct)	Investment holding
Chun Shing Development Co., Limited ("**Chun Shing Development**")	Limited liability company incorporated on 29 January 2015, Hong Kong	HK$1.00	100% (indirect)	Provision of fitting-out services and supply of fitting-out materials
Hoi Sing Construction (H.K.) Limited ("**Hoi Sing Construction**")	Limited liability company incorporated on 21 February 2001, Hong Kong	HK$2.00	100% (indirect)	Provision of fitting-out services
Hoi Sing Decoration Engineering Company Limited ("**Hoi Sing Decoration**")	Limited liability company incorporated on 21 September 1995, Hong Kong	HK$100,000.00	100% (indirect)	Provision of fitting-out services
Milieu Wooden Company Limited ("**Milieu**")	Limited liability company incorporated on 16 December 2010, Hong Kong	HK$100,000.00	100% (indirect)	Provision of fitting-out services and supply of fitting-out materials

16. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and office equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
Cost			
As at 1 April 2017	665	1,444	2,109
Additions	8	–	8
As at 31 March 2018	673	1,444	2,117
Accumulated depreciation			
As at 1 April 2017	661	758	1,419
Charge for the year	3	433	436
As at 31 March 2018	664	1,191	1,855
Net book value			
As at 31 March 2018	9	253	262
Cost			
As at 1 April 2018	673	1,444	2,117
Additions	157	–	157
As at 31 March 2019	**830**	**1,444**	**2,274**
Accumulated depreciation			
As at 1 April 2018	664	1,191	1,855
Charge for the year	16	253	269
As at 31 March 2019	**680**	**1,444**	**2,124**
Net book value			
As at 31 March 2019	**150**	**–**	**150**

17. CONTRACT ASSETS AND LIABILITIES

The Group has recognised the following revenue-related contract assets and liabilities:

	2019 **HK$'000**	2018 HK$'000
Contract assets	**242,812**	94,457
Less: provision for loss allowance	**(68)**	–
Contract assets – net	**242,744**	94,457
Contract liabilities	**–**	(16,009)
	242,744	78,448

As at 31 March 2018, none of the Group's contract assets were impaired.

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

Upon the application of HKFRS 9 on 1 April 2018, the Group applies the simplified approach to provide for ECL prescribed by HKFRS 9. The counterparties are grouped under a provision matrix based on shared credit risk characteristics by reference to past default experience, current past due exposure of the debtor and forward-looking information. During the year ended 31 March 2019, additional provision for loss allowance approximately HK$68,000 and reversal of provision for loss allowance approximately HK$2,000 were made against the gross amounts of contract assets. More details on the provision for loss allowance are set out in Note 3.1(b).

17. CONTRACT ASSETS AND LIABILITIES (CONTINUED)

(a) Revenue recognised in relation to contract assets and contract liabilities

The following table shows how much of the revenue recognised in the respective reporting period relates to carried-forward contract assets and contract liabilities.

	2019 **HK$'000**	2018 HK$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**15,586**	–
Transfers from the contract assets recognised at the beginning of the year to trade receivables	**(75,404)**	(65,943)

(b) Revenue recognised from performance obligation satisfied in previous periods

There was no significant amount of revenue recognised and reversed during the year ended 31 March 2019 from performance obligations satisfied (or partially satisfied) in previous periods (2018: Nil).

(c) Assets recognised from incremental costs to obtain a contract or cost to fulfil a contract with a customer

During the year ended 31 March 2019, there was no significant incremental costs to obtain a contract or cost to fulfil a contract with a customer (2018: Nil).

18. TRADE AND OTHER RECEIVABLES

	2019 **HK$'000**	2018 HK$'000
Trade receivables	**25,492**	21,701
Less: provision for loss allowance *(Note (c))*	**(148)**	–
Trade receivables – net *(Note (a))*	**25,344**	21,701
Retention receivables *(Note (b))*	**13,205**	4,754
Other receivables, deposits and prepayments *(Note (d))*	**5,066**	12,667
	43,615	39,122

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

(a) Trade receivables

The credit period granted to customers are 30 days generally.

The ageing analysis of the trade receivables based on invoice date is as follows:

	2019 HK$'000	2018 HK$'000
0–30 days	**18,921**	16,389
31–60 days	**2,781**	450
61–90 days	**50**	2
Over 90 days	**3,592**	4,860
	25,344	21,701

As at 31 March 2019 trade receivables of approximately HK$18,921,000 (2018: approximately HK$16,389,000) were not yet past due, and approximately HK$6,423,000 (2018: approximately HK$5,312,000) were past due but not impaired. These relate to trade receivables from a number of independent customers of whom there is no recent history of default. The ageing analysis of the past due but not impaired trade receivables, based on past due dates are as follows:

	2019 HK$'000	2018 HK$'000
0–30 days	**2,781**	450
31–60 days	**50**	2
61–90 days	**–**	4,251
Over 90 days	**3,592**	609
	6,423	5,312

The Group does not hold any collateral as security over this balance.

(b) Retention receivables

Retention receivables were not past due as at 31 March 2019, and were due for settlement in accordance with the terms of respective contract (2018: Nil).

The Group generally allows 3% to 10% of total contract price of its contracts as retention, which are unsecured, interest-free and recoverable at the completion of the defects liability period of individual contracts which range from 12 months to 18 months from the date of the completion of the respective contract.

The due date for settlement of the Group's retention receivables based on the completion of defects liability period as at 31 March 2019 as follows:

	2019 HK$'000	2018 HK$'000
Due within one year	**13,205**	4,754

The entire balance of the Group's retention receivables as at 31 March 2019 were not yet past due. The Group does not hold any collateral as security over this balance (2018: Nil).

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(c) Provision for loss allowance

Upon the application of HKFRS 9 on 1 April 2018, the Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all the trade receivables and retention receivables. The debtors are grouped under a provision matrix based on shared credit risk characteristics by reference to past default experience, current past due exposure of the debtor and forward-looking information.

During the year ended 31 March 2019, additional provision for loss allowance of approximately HK$147,000 and reversal of provision for loss allowance of approximately HK$122,000 were made against the gross amount of trade receivables (2018: Nil).

During the year ended 31 March 2019, approximately HK$12,000 of retention receivables was fully impaired and written-off because the directors of the Company believed that there is no reasonable expectation of recovering the contractual cash flows. The amount written off is not subject to enforcement activity (2018: Nil).

More details on the provision for loss allowance are set out in Note 3.1(b).

(d) Other receivables, deposits and prepayments

The total balance of the Group's other receivables, deposits and prepayments does not contain impaired assets. The Group does not hold any collateral as security over this balance.

(e) The carrying amounts of trade and other receivables are denominated in HK$.

19. CASH AND BANK BALANCES

	2019 HK$'000	2018 HK$'000
Cash at banks	**50,402**	26,645
Cash on hand	**70**	121
Cash and cash equivalents	**50,472**	26,766

Notes:

(a) Cash at banks earns interest at floating rates based on daily bank deposit rates.

(b) The carrying amounts of the Group's cash and bank balances are denominated in the following currencies:

	2019 HK$'000	2018 HK$'000
HK$	**49,802**	26,261
Renminbi ("**RMB**")	**521**	347
EURO	**112**	121
US$	**37**	37
	50,472	26,766

20. RESTRICTED CASH

Restricted cash represents deposits held at an insurance company for faithful performance in accordance with the terms of the contract between the Group and the customer.

21. TRADE AND OTHER PAYABLES

	2019 **HK$'000**	2018 HK$'000
Trade payables	**85,673**	34,856
Accruals and other payables	**9,586**	3,862
	95,259	38,718

Notes:

(a) Payment terms granted by suppliers of materials and subcontractors are ranging from 0 to 30 days generally.

The ageing analysis of trade payables based on the invoice date is as follows:

	2019 **HK$'000**	2018 HK$'000
0–30 days	**52,927**	27,475
31–60 days	**4,226**	9
61–90 days	**13,799**	4,704
Over 90 days	**14,721**	2,668
	85,673	34,856

(b) All the trade and other payables are measured at amortised cost. The carrying amounts of the trade and other payables are denominated in the following currencies:

	2019 **HK$'000**	2018 HK$'000
HK$	**94,251**	38,091
RMB	**1,008**	627
	95,259	38,718

22. AMOUNT DUE TO A DIRECTOR

Name of director	**2019** **HK$'000**	2018 HK$'000
Mr. Man	**–**	1,293

The balance is denominated in HK$. The amount due to a director is non-trade nature, unsecured, interest-free and repayable on demand.

23. BANK BORROWINGS

	2019 **HK$'000**	2018 HK$'000
Current		
Bank borrowings	**25,087**	33,604

All the bank borrowings are analysed as follows *(Note)*:

	2019 **HK$'000**	2018 HK$'000
Within 1 year	**25,087**	33,604
More than 1 year but not more than 2 years	**–**	–
More than 2 years but not more than 5 years	**–**	–
	25,087	33,604

Note: The amounts due are based on the schedule repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

The carrying amounts of the bank borrowings approximately equal to their fair values, as the market interest rates are relatively stable and are denominated in HK$.

As at 31 March 2019, the interest rates of the bank borrowings are Hong Kong Dollar Prime Rate minus 0.5% and Hong Kong Dollar Prime Rate plus 0.5% per annum (2018: Hong Kong Dollar Prime Rate minus 0.5%, Hong Kong Dollar Prime Rate plus 0.5% per annum, flat rate of 4.2% and flat rate of 4.8%).

24. BANKING FACILITIES

As at 31 March 2018 and 2019, the banking facilities for bank borrowings granted to the Group were secured by the followings:

(i) Unlimited personal guarantees and indemnity granted by Mr. Man and Mrs. Man;

(ii) Unlimited corporate guarantee granted by Hoi Sing Holdings (HK) Limited ("**Hoi Sing Holdings**");

(iii) Personal property owned by Mr. Man; and

(iv) Proceeds in relation to all account receivables of one of the subsidiaries of the Company.

All of the guarantees and securities as set out in items (i), (ii) and (iii) above were replaced by guarantees executed by the Company in April 2019.

As at 31 March 2019, the Group has unutilised banking facilities for bank borrowings amounting to approximately HK$11,913,000 (2018: approximately HK$9,619,000).

25. DEFERRED INCOME TAX

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the years ended 31 March 2018 and 2019 are as follows:

Deferred tax assets arising from:	**Provision for loss allowance on trade receivables and contract assets** HK$'000
As at 1 April 2017 and 31 March 2018	–
Effect arising from initial application of HKFRS 9	21
Adjusted as at 1 April 2018	**21**
Credited to consolidated statement of profit or loss *(Note 11)*	15
As at 31 March 2019	**36**

26. SHARE CAPITAL

As at 31 March 2018, the share capital represents the aggregate of paid up share capital of the companies comprising the Group held by the controlling shareholders of the Company prior to the Reorganisation.

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

	Notes	Number of ordinary shares	Share capital HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
As at 1 April 2017, 31 March 2018 and 1 April 2018		–	–
Upon incorporation of the Company on 9 May 2018	(a)	38,000,000	380
Increase in number of authorised shares	(b)	962,000,000	9,620
As at 31 March 2019		**1,000,000,000**	**10,000**
Issued and fully paid:			
As at 1 April 2017, 31 March 2018 and 1 April 2018		–	–
Upon incorporation of the Company on 9 May 2018	(a)	100	–
Shares issued upon the Reorganisation	(c)	100	–
Shares issued pursuant to the capitalisation issue	(d)	359,999,800	3,600
Shares issued pursuant to the share offer	(e)	120,000,000	1,200
As at 31 March 2019		**480,000,000**	**4,800**

Notes:

(a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 9 May 2018 with an initial authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each and one fully-paid subscriber ordinary share was allotted and issued to the initial subscriber which was then transferred to Hoi Lang on the same date. A further allotment and issuance of 99 ordinary shares were made on 9 May 2018 to Hoi Lang.

(b) Pursuant to the written resolutions passed by the sole shareholder of the Company on 6 December 2018, the authorised share capital of the Company was increased from HK$380,000 to HK$10,000,000 divided into 1,000,000,000 ordinary shares by the creation of an additional 962,000,000 ordinary shares of HK$0.01 each, ranking equally in all respects with the existing issued ordinary shares.

(c) Pursuant to the Reorganisation and as consideration for the acquisition by Link Shing of the entire issued share capital of (i) Hoi Sing Decoration from Mr. Man, Mrs Man and Mr. Ho; (ii) Hoi Sing Construction from Mr. Man and Mrs. Man; (iii) Milieu from Mr. Man and Mrs. Man; and (iv) Chun Shing Development from Mr. Man on 18 September 2018, the Company issued and allotted 100 ordinary shares to Hoi Lang, all credited as fully paid respectively.

(d) Pursuant to the written resolution passed by the sole shareholder of the Company on 6 December 2018 and conditional upon the share premium account of the Company being credited as a result of the share offer, the directors of the Company authorised to allot and issue a total of 359,999,800 ordinary shares credited as fully paid at par to the holder of the Company's shares on the register of members of the Company at the close of business on 6 December 2018 in proportion to their respective shareholdings by way of capitalisation of the sum of approximately HK$3,600,000 standing to the credited of the share premium account of the Company.

(e) On 31 December 2018, upon its listing on the Main Board of the Stock Exchange, the Company issued 120,000,000 new ordinary shares at an offer price of HK$1.05 each and raised gross proceeds of approximately HK$126,000,000.

27. RESERVES

Share premium

Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less expenses incurred in connection with the issue of the shares.

Other reserve

Other reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the Reorganisation.

28. SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 6 December 2018. The purpose of the Scheme is to (i) motivate eligible participants to optimise their performance efficiency for the benefit of the Company and/or any of its subsidiaries; and (ii) attract and retain or otherwise maintain an ongoing business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Company and/or any of its subsidiaries.

Under the Scheme, the board of directors of the Company may at its absolute discretion and subject to the terms of the Scheme, grant options to (i) any full-time or part time employees, executives or officers of our Company or any of its subsidiaries; (ii) any directors (including non-executive directors and independent non-executive directors) of our Company or any of its subsidiaries; (iii) any advisers (professional or otherwise), consultant, suppliers, customers and agents to our Company or any of its subsidiaries; and (iv) such other persons who, in the sole opinion of the board, will contribute or have contributed to our Group.

The aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. The maximum number of shares issuable upon exercise of all options to be granted under the Scheme and any other schemes of the Company as from the adoption date must not in aggregate exceed 10% of all the shares in issue upon the date on which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders in general meeting provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Scheme or any other share option schemes of the Company in any 12-month period up to offer date shall not exceed 1% of the total number of shares of the Company in issue on the offer date. If the board determines to offer option to an eligible participant exceed the aforesaid 1% limit, such grant shall be subject to the approval by the shareholders of the Company in general meeting at which such eligible participant and his/her close associates (or his/her associate if the eligible participant is a core connected person) shall abstain from voting.

28. SHARE OPTION SCHEME (CONTINUED)

Subject to the terms of the Scheme, if the board determines to offer to grant options to a director, chief executive or substantial shareholder of the Company or any of their respective associates, such grant shall be subject to the approval by the independent non-executive directors of the Company (and in the event that the board offers to grant options to an independent non-executive directors of the Company, the vote of such independent non-executive director shall not be counted for the purposes of approving such grant). Where any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective close associates would result in the number of shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) under the Scheme and any other schemes in 12-month period up to and including the offer date representing in aggregate over 0.1% (or such other percentage as may be from time to time provided under the listing rules) of the shares of the Company in issue and having an aggregate value in excess of HK$5 million (or such other sum as may be from time to time provided under the listing rules) must be, in addition to the approval of the independent non-executive directors of the Company as mentioned above, approved by the shareholders in the general meeting of the Company by way of poll.

An option may be exercised in accordance with the terms of the Scheme at any time or times during the option period (the period to be notified by the board provided that such period of time shall not exceed a period of ten years commencing on the commencement date (the date upon which such option is deemed to be granted and accepted). A nominal consideration of HK$1 is payable on acceptance of the grant of an option with a remittance or payment in favour of the Company on or before the relevant acceptance date (which shall be a date not later than 30 days after the offer date).

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

The Scheme shall be valid and effective for a period of commencing on the listing date (31 December 2018) and ending on the tenth anniversary of the listing date, subject to early termination provisions contained in the Scheme.

No share options were granted, exercised, cancelled or lapsed since the adoption of the Scheme and there was no share option outstanding as at 31 March 2019.

29. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

	2019 HK$'000
Non-current assets	
Investment in a subsidiary	**1**
Current assets	
Prepayments	**196**
Amounts due from subsidiaries	**52,271**
Cash and bank balances	**41,269**
	93,736
Total assets	**93,737**
EQUITY	
Capital and reserves	
Share capital	**4,800**
Reserve *(Note a)*	**86,033**
Total equity	**90,833**
Current liabilities	
Accruals	**2,111**
Amount due to a subsidiary	**793**
	2,904
Total equity and liabilities	**93,737**
Net current assets	**90,832**
Total assets less current liabilities	**90,833**

Approved and authorised for issue by the board of directors on 27 June 2019 and are signed on its behalf by:

Mr. Man Hoi Yuen
Director

Mr. Ho Chi Hong
Director

29. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (CONTINUED)

Note (a) Reserve of the Company

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance as at 9 May 2018 (date of incorporation)	–	–	–
Loss and total comprehensive income for the period	–	(19,026)	(19,026)
Shares issued pursuant to the capitalisation issue	(3,600)	–	(3,600)
Shares issued pursuant to the share offer	124,800	–	124,800
Share issuance costs	(16,141)	–	(16,141)
Balance as at 31 March 2019	**105,059**	**(19,026)**	**86,033**

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Bank borrowings HK$'000	Finance lease liability HK$'000	Total HK$'000
As at 1 April 2017	30,393	429	30,822
Changes from financing cash flows:			
Proceeds from borrowings	124,776	–	124,776
Repayments of borrowings	(121,565)	(429)	(121,994)
Interest paid	(1,649)	(8)	(1,657)
Other changes			
Interest expenses	1,649	8	1,657
As at 31 March 2018	33,604	–	33,604
As at 1 April 2018	**33,604**	**–**	**33,604**
Changes from financing cash flows:			
Proceeds from borrowings	**140,135**	**–**	**140,135**
Repayments of borrowings	**(148,652)**	**–**	**(148,652)**
Interest paid	**(1,828)**	**–**	**(1,828)**
Other changes			
Interest expenses	**1,828**	**–**	**1,828**
As at 31 March 2019	**25,087**	**–**	**25,087**

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(a) Non-cash transaction

During the year ended 31 March 2019, addition of restricted cash of approximately HK$3,037,000 was settled in May 2019 (2018: Nil).

31. COMMITMENTS

Operating lease commitments – Group as lessee

As at the reporting date, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	2019 HK$'000	2018 HK$'000
Within one year	**1,203**	432
In the second to fifth years inclusive	**902**	–
	2,105	432

The Group is the lessee in respect of premises under operating leases. The leases typically run for initial periods ranging from approximately 2 to 2.5 years.

Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	2019 HK$'000	2018 HK$'000
Property, plant and equipment	**709**	–

32. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. 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.

Save as disclosed in Notes 22, 23 and 24 to the consolidated financial statements, management is of the view that the following entities/person are related parties of the Company and had transactions and balances with the Group during the years ended 31 March 2018 and 2019.

(a) The directors of the Company are of the view that the following companies that had transactions or balances with the Group are related parties:

Name	Relationship with the Group
Hoi Sing International (HK) Limited ("**Hoi Sing International**")	A related company which was mainly controlled and owned by Mr. Man and Mr. Ho for the year ended 31 March 2016 and up to February 2017, then this related company is controlled and owned by Mr. Man Hoi Wang, Michael ("**Mr. Michael Man**"), the son of Mr. Man and Mrs. Man.
Hoi Sing Holdings	A related company controlled and owned by Mr. Man and Mrs. Man.

(b) Transactions with related parties

		Notes	**2019** **HK$'000**	2018 HK$'000
Hoi Sing Holdings	Rental expenses	(i)	**528**	432
Hoi Sing International	Staff costs	(ii)	**–**	25
	Provision of fitting-out services	(ii)	**–**	27
Mr. Man	Provision of fitting-out services	(ii)	**–**	116

Notes:

(i) The rental expenses for premises paid to Hoi Sing Holdings are based on the agreements entered into between the parties involved.

(ii) Staff costs and provision of fitting-out services are based on terms mutually agreed between the parties involved.

32. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Outstanding balances with related parties

		2019 HK$'000	2018 HK$'000
Hoi Sing International	Trade receivables	–	146
Mr. Man	Trade receivables	–	116

Note: The trade receivables from related parties are arising from provision of fitting-out work and/or supply of fitting-out materials. These balances are unsecured and interest-free.

(d) The emoluments of the directors and senior executives (representing the key management personnel) during the years ended 31 March 2018 and 2019 are disclosed in Note 9.

Summary of Financial Information

The financial summary of the Group for the last four years is set as follows:

	For the year ended 31 March			
	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**669,780**	560,283	346,391	240,149
Direct costs	**(589,352)**	(498,849)	(304,154)	(216,377)
Gross profit	**80,428**	61,434	42,237	23,772
Other income and gains/(losses)-net	**62**	56	(7)	94
Administrative and other operating expenses	**(32,531)**	(12,912)	(8,220)	(8,234)
Finance costs	**(1,828)**	(1,657)	(961)	(1,205)
Profit before income tax	**46,131**	46,921	33,049	14,427
Income tax expense	**(10,168)**	(8,327)	(5,910)	(2,567)
Profit and total comprehensive income for the year attributable to equity holders of the Company	**35,963**	38,594	27,139	11,860
Earnings per share attributable to owners of the Company: – Basic and diluted earnings per share	**HK9.22 cents**	HK10.72 cents	HK7.54 cents	HK3.29 cents

	As at 31 March			
	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Assets and Liabilities				
Non-current assets	**186**	262	690	1,123
Current assets	**339,868**	160,345	147,449	118,921
Non-current liabilities	**–**	–	–	(429)
Current liabilities	**(125,312)**	(91,583)	(117,709)	(106,324)
Total equity	**214,742**	69,024	30,430	13,291

Note: No financial statements of the Group for the year ended 31 March 2015 have been published. The summary above does not form part of the audited financial statements.