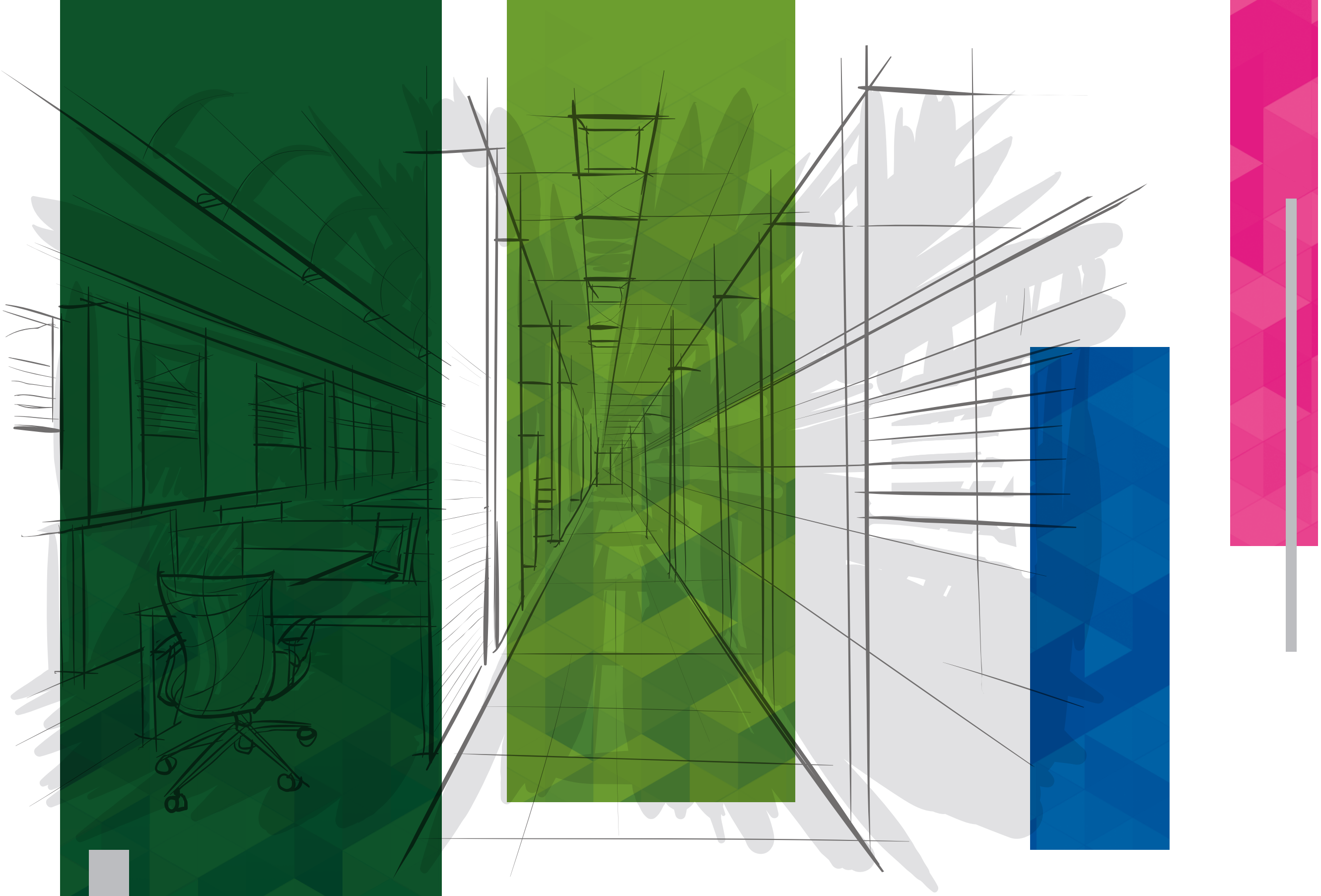
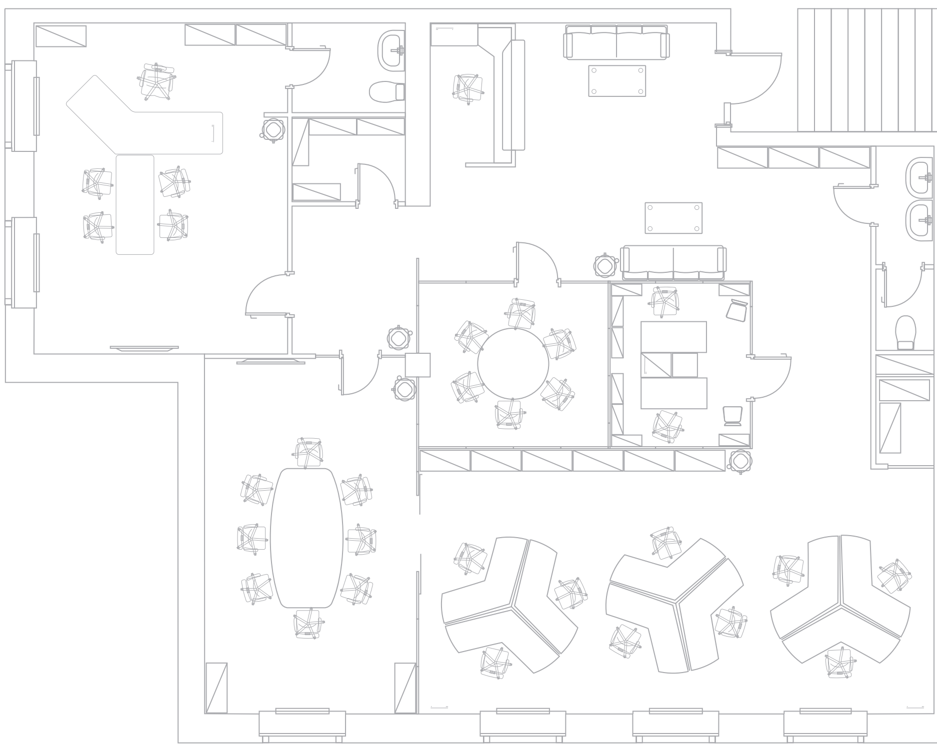


ANNUAL REPORT 2019

www.sanbase.com.hk



SANBASE CORPORATION LIMITED

莊皇集團公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8501

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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

Contents

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Sai Chuen
(Chairman, Chief Executive Officer)
Mr. Wong Kin Kei
(Chief Operating Officer)
Ms. Hui Man Yee, Maggie

Non-executive Director

Mr. Cheung Ting Pong
(re-designated from executive Director to non-executive Director on 8 May 2018)

Independent Non-executive Directors

Mr. Fan Chun Wah, Andrew, *JP*
Mr. Wu Kam On, Keith
Mr. Pang Chung Fai, Benny

AUDIT COMMITTEE

Mr. Wu Kam On, Keith *(Chairman)*
Mr. Fan Chun Wah, Andrew, *JP*
Mr. Pang Chung Fai, Benny

REMUNERATION COMMITTEE

Mr. Pang Chung Fai, Benny *(Chairman)*
Mr. Fan Chun Wah, Andrew, *JP*
Mr. Wu Kam On, Keith

NOMINATION COMMITTEE

Mr. Fan Chun Wah, Andrew, *JP (Chairman)*
Mr. Wu Kam On, Keith
Mr. Pang Chung Fai, Benny

COMPLIANCE OFFICER

Mr. Wong Sai Chuen

COMPANY SECRETARY

Ms. Li Tsz Man (FCPA)

AUTHORIZED REPRESENTATIVES

Mr. Wong Sai Chuen
Mr. Cheung Ting Pong *(resigned on 8 May 2018)*
Ms. Li Tsz Man *(appointed on 8 May 2018)*

AUDITOR

PricewaterhouseCoopers
22/F Prince's Building
Central
Hong Kong

LEGAL ADVISER

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

COMPLIANCE ADVISER

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

PRINCIPAL BANKS

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

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTER IN HONG KONG

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

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

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

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

STOCK CODE

8501

WEBSITE

www.sanbase.com.hk

Dear shareholders,

On behalf of the Board of Directors (the "**Board**") of Sanbase Corporation Limited ("**Sanbase Corporation**" or the "**Company**") and its subsidiaries (collectively the "**Group**"), I am pleased to present you the Group's audited consolidated results for the year ended 31 March 2019.

2019 marks the first anniversary of our successful listing on the GEM of Hong Kong Stock Exchange. Over the years, Sanbase Corporation has continued its pursuit of perfection, and we are delighted to be able to deliver a set of outstanding results on our anniversary. Specifically, the Group recorded a year-on-year ("**YoY**") growth in revenue of more than 72.9% for the year ended 31 March 2019 to approximately HK$650.5 million, whereas gross profit margin also improved to 10.9% as a result of stringent cost control. By combining the strong organic growth with M&A contributions, profit attributable to owners of the Company reached HK$28.1 million, representing a remarkable 307.2% increase from the corresponding period of last year.

Since listing, one of our top priorities has been strengthening our leading position in the fit-out industry in Hong Kong. Thanks to the dedicated effort from our fellow directors and staff, we have efficiently expended the proceeds from listing and in return, securing more and larger contracts. This was reflected by the fact that there was a 16.4% increase in the number of projects undertaken, from 152 of last year to 177 of this year, as well as the ever-increasing contract sum, such as the HK$95.8 million contract that we have completed during the year ended 31 March 2019. Such achievements not only reflect our enhanced capabilities in project management, but more importantly, showcasing our growing brand recognition and market share in the highly-competitive fit-out market.

In addition to organic growth, the Group has also kept a keen eye on acquisitions, as it has completed an acquisition in Hong Kong and in China respectively within six months after Listing. Through the transactions, we were able to leverage the two acquisitions to expand our business coverage to the previously untapped China market, while the newly-added design component also enabled us to deliver one-stop fit-out solutions to our clients, yielding higher customer stickiness and better financial performance. As a result, the Group's Design business delivered encouraging results, with revenue reaching HK$9.6 million, and direct margin reaching 86.2%.

Looking forward to 2019, we remain optimistic in the demand of commercial fit-out services in Hong Kong despite a perceived weakness in the commercial property market. Inelastic by nature, clients would require fit-out services even if financial circumstances are not favorable, such as reinstatement services when returning the original space, design and bare shell fit-out services when relocating to new offices, or restacking services when re-fitting the existing structure to fit current needs. With our comprehensive services, we will be able to serve our clients along every step of the way, effectively offering a downside protection to our businesses.

In the longer term, we will continue to ride on favorable policies such as "Moving out of Central" and "Green Office" in Hong Kong, and will strive to increase our market share by focusing on Grade A offices. We will also pay specific attention to the Guangdong-Hong Kong-Macau Greater Bay Area, as cities including Guangzhou and Shenzhen all have blueprints to develop new CBDs, which is expected to create new office supply of 4.75 million sq. m by 2022. Supported by its good reputation and high quality services, we believe Sanbase Corporation is well-prepared to seize the opportunities and get a piece of the action.

Following our recent success in the two acquisitions, we will also explore other project opportunities in Hong Kong, China, and potentially in Asia in the future, in order to further expand our business coverage, geographical coverage, and client base. We will also continue to consolidate and invest in the two completed acquisitions to maximize synergies.

Echoing its corporate values of "Strive for Betterment", Sanbase Corporation has been stepping forward since its establishment, yet it will not reach such height without your unequivocal support. I wish to take this opportunity to thank my fellow directors and all staff for your insight and dedication, and to thank our business partners, shareholders and stakeholders for your trust and patience. The Group will strive to overcome future challenges, and will aim to offer high-quality fit-out services to the industry while delivering greater and sustainable returns.

Chairman of the Board
WONG Sai Chuen

Hong Kong, 20 June 2019

BUSINESS REVIEW AND OUTLOOK

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

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

During the year ended 31 March 2019, the Group achieved an increase in revenue of approximately 72.9% to approximately HK$650.5 million from approximately HK$376.2 million for the year ended 31 March 2018. The growth was mainly driven by the increase in number of projects from 152 in 2018 to 177 in 2019 and several large scale projects with large contract sum being granted during the year. In line with the increase in revenue, the Group's gross profit increased to approximately HK$70.8 million for the year ended 31 March 2019 from the approximately HK$39.3 million for the year ended 31 March 2018, representing an increase of approximately 80.2%.

The Group's profit for the year attributable to owners of the Company increased by approximately 307.2% to approximately HK$28.1 million for the year ended 31 March 2019 from approximately HK$6.9 million for the year ended 31 March 2018. The increase in profit for the year attributable to owners of the Company was mainly due to (i) the increase in revenue and profit mainly contributed by bare shell fit-out projects, in particular, the Group was awarded a total number of 81 bare shell fit-out projects for the year ended 31 March 2019 as compared to 44 bare shell fit-out projects for the year ended 31 March 2018 with one project having its revenue of over HK$100 million; (ii) the absence of the non-recurring listing expenses of approximately HK$15.5 million; and (iii) the increase in revenue and profit contributed by Core Group Holding Limited ("**Core Group**") and its subsidiary as a result of the acquisition of 60% of the issued share capital of Core Group which was completed on 12 April 2018.

FINANCIAL REVIEW

Revenue

The Group's revenue is principally generated from (i) bare shell fit-out; (ii) restacking; (iii) reinstatement; (iv) design; (v) churn work; and (vi) maintenance and others. During the year ended 31 March 2019, the Group's revenue increased by approximately 72.9% to approximately HK$650.5 million (2018: HK$376.2 million). The increase is mainly attributable to (i) the acquisitions of the Core Group and the Siwu Architectural (Guangzhou) Limited (the "**Siwu Guangzhou**") in April 2018 and May 2018 respectively (the "**Acquisitions**"); and (ii) the increase in revenue from the provision of services including bare shell fit-out and reinstatement.

The following table sets forth a breakdown of the Group's revenue by project types for the year ended 31 March 2019 and 2018:

	The year ended 31 March			
	2019		2018	
	HK$'000	**%**	*HK$'000*	%
Project type				
Bare shell fit-out	**557,268**	**85.7**	305,978	81.3
Restacking	**37,598**	**5.8**	37,064	9.9
Reinstatement	**34,651**	**5.3**	19,903	5.3
Design	**9,563**	**1.5**	—	—
Churn work	**9,587**	**1.5**	10,421	2.8
Maintenance and others	**1,788**	**0.2**	2,842	0.7
Total	**650,455**	**100.0**	376,208	100.0

As shown in above table, our bare shell fit-out projects contributed to approximately 85.7% and 81.3% of the Group's total revenue for the year ended 31 March 2019 and 2018 respectively. Revenue from bare shell fit-out projects increased to approximately HK$557.3 million for the year ended 31 March 2019 from approximately HK$306.0 million for the year ended 31 March 2018, representing an increase of approximately 82.1%. The increase in revenue from bare shell fit-out projects was mainly driven by the increase in number of fit-out projects from 44 in 2018 to 81 in 2019 and several large-scale projects with large contract sum being granted during the year.

From 1 April 2019 and up to the date of this report, we were newly awarded a total of 5 bare shell fit-out projects and 5 restacking projects with a total project sum of approximately HK$33.3 million and HK$12.0 million respectively.

Cost of Sales and Direct Margin

The Group's cost of sales mainly comprised subcontracting charges and employee benefit expenses. The increase in cost of service from HK$336.9 million for the year ended 31 March 2018 to HK$579.6 million for the year ended 31 March 2019 was generally in line with the rise in revenue for the year.

Defined as revenue less subcontracting costs, direct margin of the Group indicates the overall project profitability before taking into account of other fixed costs. The following table sets forth the breakdown of the Group's direct margin by project types for the year ended 31 March 2019 and 2018:

	The year ended 31 March			
	2019		2018	
	HK$'000	***%***	*HK$'000*	*%*
Project type				
Bare shell fit-out	**73,742**	**13.2**	36,868	12.0
Restacking	**6,892**	**18.3**	7,678	20.7
Reinstatement	**4,943**	**14.3**	2,309	11.6
Design	**8,242**	**86.2**	—	—
Churn work	**1,659**	**17.3**	2,038	19.6
Maintenance and others	**479**	**26.8**	602	21.2
Total	**95,957**	**14.8**	49,495	13.2

The Group's overall direct margin increased to approximately HK$96.0 million for the year ended 31 March 2019 from approximately HK$49.5 million for the year ended 31 March 2018. The remarkable increase in the direct margin was primarily attributable to the Acquisitions during the year, especially for design projects and the increase of direct margin for bare shell fit-out and reinstatement to approximately HK$73.7 million and HK$4.9 million respectively for the year (2018: HK$36.9 million and HK$2.3 million respectively). The increase in direct margin for bare shell fit-out and reinstatement was mainly driven by the larger scale of projects awarded during the year.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK$29.8 million and approximately HK$28.1 million for the year ended 31 March 2019 and 2018 respectively. Listing expenses charged to profit or loss of approximately HK$15.5 million was included in the year ended 31 March 2018. Excluding the amount of listing expenses, an increase of approximately 136.5% was primarily attributable to (i) an increase of HK$7.6 million in staff costs due to the salaries increment of HK$5.0 million and the increase of HK$2.6 million from our Acquisitions; (ii) an increase of HK$4.1 million in professional service fees mainly arising after the Listing and the Acquisitions; (iii) an increase of HK$1.0 million in the office expenses and rental expenses primarily arising from an increase in our office floor area as a result of our Acquisitions; and (iv) an increase of HK$2.5 million in the amortization of intangible assets as a result of the increase of intangible assets held by the Group due to the Acquisitions.

Income Tax Expense

Income tax expense of the Group for the year ended 31 March 2019 was approximately HK$7.1 million (2018: HK$4.6 million).

Profit for the Year

Profit of the Group increased to approximately HK$30.3 million for the year ended 31 March 2019 from approximately HK$6.9 million for the year ended 31 March 2018, mainly due to growth of the principal subsidiary's business, the absence of the non-recurring listing expenses incurred and the Acquisitions during the year ended 31 March 2019.

Dividend

The Board recommended the payment of final dividend for the year ended 31 March 2019 at HK3.1 cents per share (2018: HK2.4 cents per share). During the year ended 31 March 2019, there was no arrangement under which any Shareholder waived or agreed to waive any dividend.

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

During the year ended 31 March 2019, the Group financed its operation by its internal resources and granted bank facility. As at 31 March 2019, the Group had net current assets of approximately HK$114.4 million (2018: HK$107.3 million), including cash and cash equivalents balances of approximately HK$106.0 million (2018: HK$58.8 million) mainly denominated in Hong Kong dollars. As at 31 March 2019, the Group had an unutilized bank facility of HK$48.4 million (2018: HK$17.2 million). The granted bank facility was secured by corporate guarantee of the Group.

The current ratio, being the ratio of current assets to current liabilities, was approximately 1.5 times as at 31 March 2019 (2018: 2.3 times). The decrease was mainly due to the net effect of the significant increase in the trade and retention receivables and contract assets/amounts due from customers for contract work of approximately HK$55.1 million and approximately HK$69.0 million respectively, the increase in cash and cash equivalent balance of approximately HK$47.2 million, the remarkable increase in trade payables and contract liabilities/amounts due to customers for contract work of approximately HK$126.7 million and approximately HK$18.2 million respectively, and the increase in a bank loan of approximately HK$12.8 million. The gearing ratio of the Group as at 31 March 2019 was 9.4% (31 March 2018: Nil) as the Group utilized the granted bank facility to finance the startup cost of new projects awarded. The gearing ratio is calculated as total debt divided by total equity as at the respective year end.

The shares of the Company (the "**Shares**") were listed on GEM of the Stock Exchange (the "**Listing**") on 4 January 2018 ("the **Listing Date**"), subsequently by way of placing and public offering (the "**Global Offering**") and 50,000,000 new shares offered by the Company at a listing price of HK$1.56 per share. There has been no change in capital structure of the Company as at 31 March 2019. The equity attributable to owners of the Company amounted to approximately HK$131.9 million as at 31 March 2019 (2018: HK$111.8 million).

The Group has no material exposure to fluctuations in exchange rates and related hedges.

FUNDING AND TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

PLEDGE OF ASSETS

As of 31 March 2019, the Group did not have any charges of its assets (2018: Nil).

CAPITAL COMMITMENTS

As at 31 March 2019, the Group did not have any material capital commitment in relation to the Acquisitions (2018: HK$11.2 million).

HUMAN RESOURCES MANAGEMENT

As at 31 March 2019, the Group had a total of 80 employees (2018: 36 employees). To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. In addition, discretionary bonus is offered to eligible employees by reference to the Group's results and individual performance.

ACQUISITIONS OF SUBSIDIARIES

Acquisition of the Core Group

References are made to the announcements of the Company dated 27 February 2018, 23 March 2018 and 12 April 2018 respectively in relation to, amongst other things, the acquisition of the Core Group. On 12 April 2018, the 1017 Company Limited, a wholly-owned subsidiary of the Company, has completed the acquisition of 60% of the issued shares in the Core Group, the subsidiary of which is a service provider of interior design and interior fit-out solutions for commercial premises in Hong Kong, for a consideration of HK$9,771,000.

The contingent consideration arrangement requires the Group to pay the former owner of the Core Group 40% of the total consideration amounted to HK$3,759,000 within ten business day upon receiving the result of the operating subsidiary of the Core Group for the year ending 31 December 2018. As at 31 March 2019, such consideration has not been paid as the audited accounts of the operating subsidiary of the Core Group for the year ending 31 December 2018 is not available yet.

Acquisition of the Siwu Guangzhou

On 8 May 2018, Sanbase China Holding Limited, a wholly-owned subsidiary of the Company, has completed the acquisition of 65% of the equity interests in Siwu Guangzhou, a service provider of interior design and interior fit-out solutions for commercial premises in the PRC, for a consideration of RMB2,401,000. As at 31 March 2019, such consideration has been fully paid.

INVESTMENT IN WONDER NEW ECONOMY CAMBODIA FUND

The Group's unlisted equity investments as at 31 March 2019 amounted to approximately HK$7.8 million (2018: Nil), represent a long term investment in equity interest in Wonder New Economy Cambodia Fund SP I (the "**Cambodia Fund**"). The Cambodia Fund is a segregated portfolio of Wonder New Economy Fund SPC which mainly pursues medium to long-term capital appreciation through the acquisition of a land parcel in Koh Pich, Phnom Penh, Cambodia (the "**Land**") and the development of the Land as well as participating in property management and other related businesses.

Such investment was made on 18 December 2018 and financed with the Company's internal resources. Further information of such investment is set out in note 14 to the consolidated financial statements in this annual report.

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

During the year ended 31 March 2019, other than the abovementioned, the Group did not have any other significant investment, material acquisition or disposal of subsidiaries and affiliated companies.

CONTINGENT LIABILITIES

As at 31 March 2019 and 2018, the Group provided guarantees of surety bonds of approximately HK$8.8 million and HK$5.0 million in respect of 3 (2018: 3) construction contracts of the Group in its ordinary course of business, respectively.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Details of business objectives are set out in the section headed "Business — Business Strategies" of the prospectus dated 18 December 2017 of the Company (the "**Prospectus**").

	Business objectives for the period since the Listing Date up to 31 March 2019	**Actual business progress up to 31 March 2019**
Further strengthen our market leading position in the fit-out industry in Hong Kong	• By taking on more and larger-size projects in the Grade A office premises.	The Group has been pitching for projects continuously. The Group was awarded (i) three bare shell fit-out projects with a contract sum of approximately HK$38.1 million, HK$83.8 million, HK$44.8 million; (ii) a bare shell fit-out project with a contract sum of approximately HK$95.8 million; and (iii) a bare shell fit-out project with a contract sum of approximately HK$53.4 million as disclosed in the announcements dated at 27 July 2018, 20 September 2018 and 14 January 2019, respectively.

	Business objectives for the period since the Listing Date up to 31 March 2019	Actual business progress up to 31 March 2019
Expand our project management and client care teams	• By recruiting additional manpower with project management experience to form a designated client servicing team which serves as a direct and regular liaison point for our new and recurring clients; • By expanding our project and construction management teams to enhance our execution capabilities in light of our upcoming project pipeline; • By recruiting additional project managers, site supervisors, site managers, quantity surveyors and MEP specialists to expand our project execution capacity; and • By recruiting extra experienced safety and quality control consultants.	The Group has recruited thirty two employees in their capacity as project manager, site manager, project supervisor, project coordinator and surveying officer.
Continue to enhance our project implementation system and develop new management system and technology	• By improving our existing standardized project management and execution system to enhance its usability and intuitiveness.	The Group is in the progress of developing the project management and execution system with enhanced usability and intuitiveness.
Pursue suitable acquisition, partnership and investment opportunities	• By selectively invest in or enter into strategic partnerships with other industry players, such as other peer interior fit-out solution providers in the Grade A office market, to further broaden our collective expertise and resources.	The acquisitions of Core Group and Siwu Guangzhou have been completed on 12 April 2018 and 8 May 2018 respectively.

USE OF PROCEEDS

The Shares were listed on the Stock Exchange on the Listing Date. The net proceeds from the listing of the shares of the Company in connection with the Listing was approximately HK$56.9 million. From the Listing Date up to the respective periods of 31 March 2019, 30 September 2018 and 31 March 2018, the net proceeds from the Listing were applied as follows:

Proposed use of net proceeds	Percentage of total net proceeds up to 31 March 2019	Planned use of the net proceeds as stated in the Prospectus up to 31 March 2019	Actual use of the net proceeds up to 31 March 2019	Unutilized use of the net proceeds up to 31 March 2019
		(HK$' million)	*(HK$' million)*	*(HK$' million)*
For project execution and start-up costs for our projects	69.9%	34.2	34.2	—
For recruiting high caliber and experienced managers and supervisors for the expansion of our project teams and renting additional office space	11.5%	5.6	5.6	—
For revamping our project management and execution system	8.1%	4.0	0.7	3.3
For implementation of ERP system	3.5%	1.7	1.7	—
For additional working capital and other general corporate purposes	7.0%	3.4	3.4	—
	100%	48.9	45.6	3.3

Proposed use of net proceeds	Percentage of total net proceeds up to 30 September 2018	Planned use of the net proceeds as stated in the Prospectus up to 30 September 2018	Actual use of the net proceeds up to 30 September 2018	Unutilized use of the net proceeds up to 30 September 2018
		(HK$' million)	*(HK$' million)*	*(HK$' million)*
For project execution and start-up costs for our projects	72.3%	27.0	27.0	—
For recruiting high caliber and experienced managers and supervisors for the expansion of our project teams and renting additional office space	9.3%	3.4	2.8	0.6
For revamping our project management and execution system	7.9%	2.9	0.7	2.2
For implementation of ERP system	4.3%	1.6	0.9	0.7
For additional working capital and other general corporate purposes	6.2%	2.3	2.3	—
	100%	37.2	33.7	3.5

Proposed use of net proceeds	Percentage of total net proceeds up to 31 March 2018	Planned use of the net proceeds as stated in the Prospectus up to 31 March 2018	Actual use of the net proceeds up to 31 March 2018	Unutilized use of the net proceeds up to 31 March 2018
		(HK$' million)	*(HK$' million)*	*(HK$' million)*
For project execution and start-up costs for our projects	84.0%	23.8	23.8	—
For recruiting high caliber and experienced managers and supervisors for the expansion of our project teams and renting additional office space	4.8%	1.4	0.5	0.9
For revamping our project management and execution system	4.3%	1.2	0.2	1.0
For implementation of ERP system	2.9%	0.8	0.8	—
For additional working capital and other general corporate purposes	4.0%	1.1	1.1	—
	100%	28.3	26.4	1.9

The business objectives, future plans and planned use of proceeds as stated in the prospectus dated 18 December 2017 of the Company (the "**Prospectus**") were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

For the unutilized net proceeds up to the respective periods of 31 March 2019, 30 September 2018 and 31 March 2018, the Company intends to use them in the same manner and proportions as described in the Prospectus. The completion time of the use of the net proceeds will be determined based on the future business development of the Company.

During the period up to 31 March 2019, the reason for the delay in the use of proceeds in the amount of HK$3.3 million is mainly due to the Group was still under negotiation with the vendor in relation to the transfer of patent rights of the conceptual framework of the project management and executive system (the "**Management System**") for the Group's operational use. In the event the Group fails to reach an agreement with the vendor, the Group will take further measures to source alternate service providers to resume the design and implementation of the Management System. The Board is of the view that the delay in the implementation of the Management System will not have a material adverse impact on the operation of the Group as a whole.

During the period up to 30 September 2018, the reasons for the delay in the use of proceeds of (i) HK$0.6 million, (ii) HK$2.2 million and (iii) HK$0.7 million are mainly due to (i) the Group was unable to source suitable candidates to take up the managerial and supervisory roles; (ii) the Group was under negotiation with the vendor in relation to the transfer of patent rights of the conceptual framework of the Management System; and (iii) the delay in the implementation of the ERP system as more time was needed for customising the system according to the Group's specification, respectively.

During the period up to 31 March 2018, the reasons for the delay in the use of proceeds of (i) HK$0.9 million and (ii) HK$1.0 million are mainly due to (i) the Group was unable to source suitable candidates to take up the managerial and supervisory roles; and (ii) more time was needed to develop the conceptual framework of the Management System, respectively.

The Directors present herewith this report of the Directors together with the audited consolidated financial statements of the Group for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in provision of interior fit-out management and solutions focusing on Grade A offices in Hong Kong and the PRC. There were no significant changes in the nature of the Group's principal activities during the year.

The details of its subsidiaries of the Group are set out in note 29 to the consolidated financial statements in this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

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

- We depend on our subcontractors to carry out various trades of work and bear the risks associated with fluctuations in subcontracting costs, substandard performance and instability of their operations;

- The Group's business is project-based. Fee collection and profit margin depend on the terms of the work contract and may not be regular;

- Most of the revenue is derived from contracts awarded through competitive tendering and the contracts are non-recurring in nature. The Group's business depends on its success on project tenders;

- We determine the tender price based on our estimation of the time and costs involved, which may not be accurate; and

- Our liquidity and financial position may be adversely affected if we cannot receive progress payments or retention money in full in time or at all.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, EMPLOYEES AND SHAREHOLDERS

The success of the Group also depends on the support from key parties which comprise customers, suppliers, employees and shareholders. During the year ended 31 March 2019, the Group have maintained good relationships with the customers and suppliers and there was no material dispute between the Group and the customers or the suppliers.

Regarding the employees, the Group focuses on the talents of our employees as our most valuable asset and provides a harmonious and professional working environment. During the year ended 31 March 2019, we have provided competitive remuneration packages to our employees to recognize their contribution to the Group.

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

BUSINESS REVIEW

A fair review of the business of the Group as required pursuant to Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("**Companies Ordinance**"), comprising, among others, analysis of the Group performance during the year, a discussion on the Group's future business development, important events since the end of the financial year and a description of the principal risks and uncertainties facing the Group, are set out in the sections "Chairman's Statement", "Management Discussion and Analysis". These discussions form part of this Report of the Directors. Discussions on the environmental policies and performance, compliance by the Group with the relevant laws and regulations that have a significant impact on the Group will be contained in the environmental, social and governance report to be published on the Stock Exchange's website and the Company's website not later than three months after this annual report has been published.

MANAGEMENT CONTRACTS

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

RESULTS AND DIVIDEND

The financial results of the Group for the year ended 31 March 2019 and the financial positions of the Company and the Group as at 31 March 2019 are set forth in the audited consolidated financial statements on page 52 to 121 of this annual report.

The Board recommended the payment of a final dividend for the year ended 31 March 2019 at HK3.1 cents per share (2018: HK2.4 cents per share), which is subject to the approval by the Shareholders at the annual general meeting ("**AGM**"). The final dividend is expected to be payable to the Shareholders on or about 11 October 2019. The dividend will be payable to the Shareholders whose names appear on the register of members of the Company at the close of business on 20 September 2019, being the record date for determination of entitlement to the final dividend.

ANNUAL GENERAL MEETING

The AGM will be held on 10 September 2019 at 10:00 a.m. at 1804B, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong and the notice of AGM is expected to be published and despatched to the Shareholders on or around 28 June 2019.

CLOSURES OF THE REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the transfer books and register of members of the Company will be closed from 5 September 2019 to 10 September 2019, both days inclusive. During the above period, no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on 4 September 2019 (on or before 10 July 2019: Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong). For determining the entitlement to the proposed final dividend, the transfer books and register of members of the Company will be closed from 17 September 2019 to 20 September 2019, both days inclusive. During the above period, no transfer of Shares will be registered. In order to qualify for the entitlement to the proposed final dividend, subject to the approval of the Shareholders at the AGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on 16 September 2019 (on or before 10 July 2019: Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong).

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last four financial years is set out on page 122 of this annual report. This summary does not form part of the audited consolidated financial statements in this annual report.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 March 2019 are set out in the consolidated statement of changes in equity.

As at 31 March 2019, the Company has reserves amounted to approximately HK$81.5 million (2018: approximately HK$87.3 million) available for distribution.

BANK LOANS AND OTHER BORROWINGS

As at 31 March 2019, the Group had an interest-bearing bank and other borrowings of approximately HK$12.8 million (2018: Nil). Details of the bank borrowings of the Group are set out in note 21 to the consolidated financial statements in this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year ended 31 March 2019 are set out in note 12 to the consolidated financial statements in this annual report.

DIRECTORS

The Directors during the year ended 31 March 2019 and up to the date of this report are:

Executive Directors

Mr. Wong Sai Chuen *(Chairman, Chief Executive Officer)*
Mr. Wong Kin Kei *(Chief Operating Officer)*
Ms. Hui Man Yee, Maggie

Non-executive Director

Mr. Cheung Ting Pong
(re-designated from executive Director to non-executive Director on 8 May 2018)

Independent non-executive Directors

Mr. Fan Chun Wah, Andrew, *JP*
Mr. Wu Kam On, Keith
Mr. Pang Chung Fai, Benny

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management are disclosed in the section headed "Biographies of Directors and Senior Management" on pages 40 to 44 of this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year ended 31 March 2019 was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 50.1% and sales to the Group's largest customer amounted to approximately 15.7% of the total revenue for the year ended 31 March 2019, respectively. Purchases from the Group's five largest suppliers accounted for approximately 22.7% and purchases from the Group's largest supplier amounted to approximately 5.6% of the total purchases for the year ended 31 March 2019.

To the best knowledge of the Directors, neither the Directors, their close associates (as defined in the GEM Listing Rules), nor any shareholders (which to the knowledge of the Directors owned more than 5% of the Company's issued Shares), had any beneficial interest in any of the Group's five largest customers or suppliers during the year ended 31 March 2019.

DONATIONS

During the Year, charitable and other donations made by the Group amounted to less than HK$0.1 million (2018: less than HK$0.1 million).

SHARES ISSUED IN THE YEAR

Details of the shares issued for the year ended 31 March 2019 are set out in note 23 to the consolidated financial statements in this annual report.

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

Save for the purchase of Shares up to 31 March 2019 by the trustee through on-market transactions at prevailing market price as stipulated under the Share Award Scheme, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2019.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to its existing shareholders.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 March 2019.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report, there was no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted as at 31 March 2019 or at any time during the year ended 31 March 2019.

Saved as disclosed, there was no contract of significance between the Company or one of its subsidiaries on the one hand, and a controlling shareholder or any of its subsidiaries on the other, subsisting during or at the end of the year ended 31 March 2019.

Saved as disclosed, there was also no other contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries during or at the end of the same period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES OF THE COMPANY AND INTERESTS IN ASSOCIATED CORPORATION

As at 31 March 2019, the Directors and chief executive had the following interests and/or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV the Securities and Futures Ordinance Chapter 571 of the Laws of Hong Kong (the "**SFO**")) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, will be required to be notified to the Company and the Stock Exchange:

(i) Long Position in the Company's Shares

Name of Director/ chief executive	Capacity/ Nature of interest	Number of Shares held/ interested in (Note 1)	Approximate percentage of issued share capital
Ms. Hui Man Yee, Maggie	Interest of spouse *(Note 2)*	112,500,000	56.25%
Mr. Wong Kin Kei	Interest in a controlled corporation *(Note 3)*	37,500,000	18.75%
Mr. Wong Sai Chuen	Interest in a controlled corporation *(Note 4)*	112,500,000	56.25%

Notes:

(1) All interests stated are long position.

(2) Ms. Hui Man Yee, Maggie, the spouse of Mr. Wong Sai Chuen, is deemed to be interested in the 112,500,000 Shares held by him, through his controlled corporation, Madison Square International Investment Limited, pursuant to the SFO.

(3) Shares in which Mr. Wong Kin Kei is interested in consist of 37,500,000 Shares held by J&J Partner Investment Group Limited, a company wholly owned by him, in which Mr. Wong Kin Kei is deemed to be interested under the SFO.

(4) Shares in which Mr. Wong Sai Chuen is interested in consist of 112,500,000 Shares held by Madison Square International Investment Limited, a company wholly owned by him, in which Mr. Wong Sai Chuen is deemed to be interested under the SFO.

(ii) Long position in the shares of associated corporations

Name of Director/ chief executive	Name of associated corporation	Capacity/ Nature of interest	Number of shares held/ interested	Percentage of Shareholding
Ms. Hui Man Yee, Maggie *(Note 1)*	Madison Square International Investment Limited *(Note 2)*	Interest of spouse	37,500	100%
Mr. Wong Kin Kei	J&J Partner Investment Group Limited *(Note 3)*	Beneficial owner	12,500	100%
Mr. Wong Sai Chuen *(Note 1)*	Madison Square International Investment Limited *(Note 2)*	Beneficial owner	37,500	100%

Notes:

(1) Ms. Hui Man Yee, Maggie is the wife of Mr. Wong Sai Chuen. Therefore, under the SFO, Ms. Hui Man Yee, Maggie is deemed to be interested in Mr. Wong Sai Chuen's interest in Madison Square International Investment Limited.

(2) Under the SFO, a holding company of the listed corporation is regarded as an "associated corporation." As at the Listing Date, Madison Square International Investment Limited held 56.25% of our issued share capital and thus was our associated corporation.

(3) Under the SFO, a holding company of the listed corporation is regarded as an "associated corporation." As at the Listing Date, J&J Partner Investment Group Limited held 18.75% of our issued share capital and thus was our associated corporation.

Save as disclosed above, as at 31 March 2019, none of our Directors and chief executive had any interests and/or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors.

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

As at 31 March 2019, so far as known to the Directors, the following persons/entities had an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 5% 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 members of the Group:

Name	Capacity/ Nature of interest	Number of shares held/ interested *(Note 1)*	Percentage of Shareholding
Madison Square International Investment Limited *(Note 2)*	Beneficial owner	112,500,000	56.25%
Mr. Wong Sai Chuen *(Note 2)*	Interest in a controlled corporation	112,500,000	56.25%
Ms. Hui Man Yee, Maggie *(Note 3)*	Interest of spouse	112,500,000	56.25%
J&J Partner Investment Group Limited *(Note 4)*	Beneficial owner	37,500,000	18.75%
Mr. Wong Kin Kei *(Note 4)*	Interest in a controlled corporation	37,500,000	18.75%
Ms. Ho Sin Ying *(Note 5)*	Interest of spouse	37,500,000	18.75%

Notes:

(1) All interests stated are long position.

(2) Shares in which Mr. Wong Sai Chuen is interested in consist of 112,500,000 Shares held by Madison Square International Investment Limited, a company wholly owned by him, in which Mr. Wong Sai Chuen is deemed to be interested under the SFO.

(3) Ms. Hui Man Yee, Maggie, the spouse of Mr. Wong Sai Chuen, is deemed to be interested in the 112,500,000 Shares held by him, through his controlled corporation, Madison Square International Investment Limited, pursuant to the SFO.

(4) Shares in which Mr. Wong Kin Kei is interested in consist of 37,500,000 Shares held by J&J Partner Investment Group Limited, a company wholly owned by him, in which Mr. Wong Kin Kei is deemed to be interested under the SFO.

(5) Ms. Ho Sin Ying, the spouse of Mr. Wong Kin Kei, is deemed to be interested in the 37,500,000 Shares held by him, through his controlled corporation, J&J Partner Investment Group Limited, pursuant to the SFO.

Save as disclosed above, so far as is known to the Directors, as at 31 March 2019, there are no other person (not being a Director or chief executive of the Company) who had an interest or a short position in the Shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be interested in 10% or more of the voting power at general meetings or any other members of the Group.

SHARE OPTION SCHEME

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

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

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

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

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

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

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

No share options has lapsed, or have been granted, exercised or cancelled under the Share Option Scheme since its adoption and up to the date of this annual report, hence no outstanding share option as at 31 March 2019 and 2018.

A summary of the terms of the Share Option Scheme has been set out in the section headed "E. Share Option Scheme" in Appendix IV of the Prospectus.

SHARE AWARD SCHEME

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

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

A summary of the terms of the Share Award Scheme has been set out in the announcement of the Company dated 16 October 2018. Further details of the Share Award Scheme are set out in note 23 to the consolidated financial statements in this annual report.

INTERESTS IN COMPETING BUSINESS

For the year ended 31 March 2019, none of the Directors or any of their respective close associates (as defined under the GEM Listing Rules) are engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such persons has or may have with the Group.

DEED OF NON-COMPETITION

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

The Covenantors declared that they have complied with the Non-competition Deed for the year ended 31 March 2019. The independent non-executive Directors have conducted such review for the year ended 31 March 2019 and also reviewed the relevant undertakings and are satisfied that the Non-competition Deed has been fully complied.

DIRECTORS' SERVICE CONTRACT

The Company has entered into a director's service agreement with to each of the executive Directors and non-executive Director, namely Mr. Wong Sai Chuen, Mr. Wong Kin Kei, Ms. Hui Man Yee, Maggie and Mr. Cheung Ting Pong, for a term of 3 years from the Listing Date. The Company has also issued a letter of appointment to each of the independent non-executive Directors, namely Mr. Fan Chun Wah, Andrew *J.P.*, Mr. Wu Kam On, Keith and Mr. Pang Chung Fai, Benny for a term of three years from the Listing Date. The term of office of each of the Directors is subject to termination, and termination notice can be served either by the Director or the Company.

Save as disclosed above, none of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

EMOLUMENT POLICY AND THE FIVE HIGHEST PAID INDIVIDUALS

The Remuneration Committee has been established for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group having regard to the Group's operating results, individual performance and comparable market standard and practices annually. The Company has maintained one defined contribution pension scheme for its employees in Hong Kong under the Mandatory Provident Fund ("**MPF Scheme**"), the details of which are set out in note 7 of the consolidated financial statements. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years. The Company has also adopted a Share Option Scheme as an incentive to the Directors and eligible employees, details of which are set out in the section headed "Share Option Scheme" of this annual report.

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). None of the Directors waived any emoluments during the year ended 31 March 2019.

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 30 and note 7 to the consolidated financial statements, respectively.

INTERESTS OF COMPLIANCE ADVISER

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

As notified by TC Capital and Messis Capital respectively, save for the TC Capital Agreement and Messis Capital Agreement, neither TC Capital nor Messis Capital, as the compliance adviser of the Company during the respective periods, nor any of their directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of the Company or any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 March 2019.

CONNECTED TRANSACTIONS

During the year ended 31 March 2019, there were no connected transactions or continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under the GEM Listing Rules. Details of significant related party transactions undertaken in the usual course of business are set out in note 27 to the consolidated financial statements.

None of these related party transactions constitute a discloseable connected transaction as defined under the GEM Listing Rules.

IMPORTANT EVENTS AFTER THE REPORTING DATE

The Board is not aware of any events after the reporting period that requires disclosure.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 28 to 39 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float under the GEM Listing Rules since the Listing Date and up to the date of this annual report.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done concurred in or omitted in or about the execution of their duty or supposed duty in their offices, except such (if any) as they shall incur of sustain through their own fraud or dishonesty. Such permitted indemnity provision has been in force throughout the year ended 31 March 2019. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group.

AUDITOR

The consolidated financial statements for the year ended 31 March 2019 have been audited by PricewaterhouseCoopers. A resolution will be proposed at the forthcoming AGM of the Company to re-appoint PricewaterhouseCoopers as auditor of the Company. There has been no change of auditor of the Company since the Listing Date.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is committed to support environmental protection to ensure business development and sustainability. The Group implement green office practices to reduce the consumption of energy and natural resources. These practices include the use of energy-saving lightings and recycled paper, reduce energy consumption by switching off idle lightings, computers and electrical appliances and the use of environmentally friendly products whenever possible. A separate environmental, social and governance report is expected to be published on the Stock Exchange's website and the Company's website no later than three months after this annual report has been published.

REVIEW BY AUDIT COMMITTEE

The Company's Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the audited consolidated financial statements for the year ended 31 March 2019.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The annual results announcement and the annual report containing all the information required by the GEM Listing Rules for the Year will be published on the respective website of the Stock Exchange (www.hkgem.com) and the Company (www.sanbase.com.hk). The annual report will be despatched to the Shareholders in due course.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the continuing growth of the Group and for safeguarding and maximizing Shareholders' interests. The Group's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules (the "**CG Code**").

During the year ended 31 March 2019, the Company has complied with the CG Code save for the deviation from code provision A.2.1 explained in the paragraph headed "Chairman and Chief Executive Officer" below.

Save as disclosed above, the Directors consider that during the year ended 31 March 2019, the Company has applied the principles and complied with all the applicable code provisions set out in the CG Code. Key corporate governance principles and practices of the Company are summarized below.

A. THE BOARD

A1. Responsibilities and Delegation

The Board is responsible for the leadership, control and management of the Company and oversees the Group's business, strategic decision and performances in the attainment of the objective of ensuring effective functioning and growth of the Group and enhancing value to investors. All the Directors carry out their duties in good faith, take decisions objectively and act in the interests of the Company and Shareholders at all times.

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

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

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

A2. Board Composition

The composition of the Board during the year ended 31 March 2019 and up to the date of this report is as follows:

Executive Directors

Mr. Wong Sai Chuen *(Chairman and Chief Executive Officer)*
Mr. Wong Kin Kei *(Chief Operating Officer)*
Ms. Hui Man Yee, Maggie

Non-executive Director

Mr. Cheung Ting Pong *(re-designated from executive Director to non-executive Director on 8 May 2018)*

Independent non-executive Directors

Mr. Fan Chun Wah, Andrew *J.P.*
Mr. Wu Kam On, Keith
Mr. Pang Chung Fai, Benny

During the year ended 31 March 2019, the Board has met the requirements of the GEM Listing Rules 5.05 and 5.05A of having a minimum of three independent non-executive Directors (representing at least one-third of the Board) with one of them, being Mr. Fan Chun Wah, Andrew *J.P.*, possessing appropriate professional qualifications and accounting and related financial management expertise.

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

To the best knowledge of the Directors, except for Mr. Wong Sai Chuen and Ms. Hui Man Yee, Maggie, the Directors and senior management have no financial, business, family or other material/relevant relationships with one another. The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the GEM Listing Rules. The Company considers all independent non-executive Directors to be independent with reference to the independence guidelines set out in the GEM Listing Rules.

A3. Chairman and Chief Executive Officer

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Wong Sai Chuen, holds both positions. Mr. Wong Sai Chuen has been primarily responsible for overseeing the Group's general management and business development of the Group and for formulating business strategies and policies for our business management and operations since he founded the Group in 2009. Taking into account the continuation of management and the implementation of our business strategies, our Directors (including our independent non-executive Directors) consider it is most suitable for Mr. Wong Sai Chuen to hold both the positions of chief executive officer and the chairman of the Board and the existing arrangements are beneficial and in the interests of our Company and our shareholders as a whole.

A4. Appointment and Re-election of Directors

All Directors are appointed for a specific term, subject to renewal upon expiry of the existing term. All executive Directors, non-executive Director and independent non-executive Directors are appointed for a term of 3 years commencing from the Listing Date, pursuant to their respective service agreements and letters of appointment.

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

A5. Training and Continuing Development for Directors

To assist the Directors' continuing professional development according to the code provision A.6.5 of the CG Code, the Company plans to provide briefings and other training and recommend Directors to attend relevant seminars to develop and refresh their knowledge and skills. A record of the training received by the respective Directors are kept and updated by the Company Secretary. During the year ended 31 March 2019, all Board members have received a directors' training hosted by the legal adviser to our Company, which was about, inter alia, the GEM Listing Rules, Companies Ordinance and SFO.

	Training on Director's responsibilities provided by the Company's legal adviser
Executive Directors	
Mr. Wong Sai Chuen	Attended
Mr. Wong Kin Kei	Attended
Ms. Hui Man Yee, Maggie	Attended
Non-executive Director	
Mr. Cheung Ting Pong *(re-designated from executive Director to non-executive Director on 8 May 2018)*	Attended
Independent non-executive Directors	
Mr. Fan Chun Wah, Andrew *J.P.*	Attended
Mr. Wu Kam On, Keith	Attended
Mr. Pang Chung Fai, Benny	Attended

A6. Directors' Attendance Records at Meetings

The attendance records of each Director at the Board and Board committee meetings of the Company held during the year ended 31 March 2019 are set out below:

	Attendance/ Number of Board meeting entitled to attend
Executive Directors	
Mr. Wong Sai Chuen	7/7
Mr. Wong Kin Kei	7/7
Ms. Hui Man Yee, Maggie	7/7
Non-executive Director	
Mr. Cheung Ting Pong *(re-designated from executive Director to non-executive Director on 8 May 2018)*	7/7
Independent non-executive Directors	
Mr. Fan Chun Wah, Andrew, *J.P.*	7/7
Mr. Wu Kam On, Keith	7/7
Mr. Pang Chung Fai, Benny	7/7

A7. Model Code for Securities Transactions

The Company has adopted the code of conduct for securities transactions by Directors on terms equivalent to the Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Model Code**"). The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code during the year ended 31 March 2019.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and senior management in advance.

A8. Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in the code provision D.3.1 of the CG Code.

During the year ended 31 March 2019, the Board has performed corporate governance functions as follows: (i) reviewed and developed the Company's corporate governance policies and practices; (ii) reviewed and monitored the training and continuous professional development of Directors and senior management; (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements; (iv) reviewed and monitored the compliance of the Model Code; and (v) reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

B. BOARD COMMITTEES

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

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

B1. Remuneration Committee

The Remuneration Committee comprises a total of three independent non-executive Directors, namely Mr. Pang Chung Fai, Benny (chairman of the Committee), Mr. Fan Chun Wah, Andrew *J.P.* and Mr. Wu Kam On, Keith. Since the Listing, the Company has met the GEM Listing Rule requirements of having the majority of the Remuneration Committee members being independent non-executive directors as well as having the Committee chaired by an independent non-executive director.

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

Remuneration Committee did not hold any meeting during the year ended 31 March 2019. A meeting of Remuneration Committee was held on 3 May 2019 to review composition of the Board and recommend to the Board on the remuneration package of non-executive Director.

Pursuant to code provision B.1.5 of the CG Code, the annual remuneration of the members of the senior management by band for the year ended 31 March 2019 is set out below:

Remuneration band *(HK$)*	**Number of individual**
Nil to 1,000,000	5
2,000,001–2,500,000	1
2,500,001–3,000,000	2

The amount of remuneration includes the amortization of the fair value of share-based compensation, wages, salaries, bonus, contribution to social securities and housing fund.

B2. Nomination Committee

The Nomination Committee comprises a total of three independent non-executive Directors, namely Mr. Fan Chun Wah, Andrew *J.P.* (chairman of the Committee), Mr. Wu Kam On, Keith and Mr. Pang Chung Fai, Benny. Since the Listing, the Company has met the code provision A.5.1 of having a majority of the Committee members being independent non-executive directors and having the Committee chaired by the chairman of the Board.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and recommending any changes to the Board; identifying qualified and suitable individuals to become Board members and selecting and making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive Directors; and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular, the chairman and the chief executive of the Company.

Nomination Policy

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

Selection Criteria

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

(1) the Company's needs;

(2) the diversity on the Board;

(3) the integrity, experience, skills and professional knowledge of the candidate; and

(4) the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities.

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

Board Diversity Policy

The Company also recognizes and embraces the benefit of having a diverse Board to enhance the quality of its performance. To comply with the code provision A.5.6 of the CG Code, a Board diversity policy was adopted by the Company on 8 December 2017, pursuant to which the Nomination Committee is responsible for monitoring the implementation of the Board diversity policy and assessing the Board composition under diversified perspectives (including but not limited to gender, age, cultural and educational background, or professional experience). The Nomination Committee shall report its findings and make recommendation to the Board, if any. Such policy and objectives will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board.

One Nomination Committee meeting was held during the year ended 31 March 2019. The Nomination Committee has reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board.

Directors	Attendance/ Number of Nomination Committee meeting entitled to attend
Mr. Fan Chun Wah, Andrew *J.P.* *(Chairman of the Committee)*	1/1
Mr. Wu Kam On, Keith	1/1
Mr. Pang Chung Fai, Benny	1/1

B3. Audit Committee

The Company has met the GEM Listing Rule requirements regarding the composition of the Audit Committee since the Listing. The Audit Committee comprises a total of three independent non-executive Directors, namely Mr. Wu Kam On, Keith (chairman of the Committee), Mr. Fan Chun Wah, Andrew *J.P.*, and Mr. Pang Chung Fai, Benny. The chairman of the Audit Committee is Mr. Wu Kam On who possesses the appropriate professional qualification, and accounting and financial management expertise as required under Rule 5.05(2) and Rule 5.28 of the GEM Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

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

It is noted that there is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

Four Audit Committee meeting were held during the year ended 31 March 2019. The Audit Committee has reviewed the unaudited quarterly results and reviewed the necessity to establish an internal audit function.

Directors	Attendance/ Number of Audit Committee meeting entitled to attend
Mr. Wu Kam On, Keith *(Chairman of the Committee)*	4/4
Mr. Fan Chun Wah, Andrew, *J.P.*	4/4
Mr. Pang Chung Fai, Benny	4/4

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors have acknowledged their responsibilities for preparing the financial statements of the Group for the year ended 31 March 2019.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports and other financial disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

D. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including operation, marketing, finance, human resources, information technology. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each department.

All departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. The management, in coordination with department heads, assess the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress. The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 March 2019.

The Company's internal auditor is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. During the year under review, the internal auditor examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

During the year ended 31 March 2019, the Board, as supported by the Audit Committee as well as the report from the management and the internal audit findings, reviewed the effectiveness of the Group's risk management and internal control systems, including the financial, operational and compliance controls, and considered that such systems are effective and adequate.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

E. COMPANY SECRETARY

Ms. Li Tsz Man was appointed as the Company Secretary on 6 July 2017 and she is responsible for providing advice to the Board on corporate governance matters. Ms. Li Tsz Man has confirmed that she has taken no less than 15 hours of relevant professional training during the year ended 31 March 2019.

F. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company, PricewaterhouseCoopers, about their reporting responsibilities on the Company's financial statements for the year ended 31 March 2019 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to PricewaterhouseCoopers in respect of audit services and non-audit services for the year ended 31 March 2019 are analyzed below:

Type of services provided by the external auditor	Fees paid/ payable (HK$'000)
Audit services	1,200
Non-audit services	345
TOTAL:	1,545

G. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparent and timely disclosure of corporate information, which enables Shareholders and investors to make informed investment decision.

The Company maintains a website at www.sanbase.com.hk as a communication platform with Shareholders and investors, where information and updates on the Company's business developments and operations and other information are available for public access. Shareholders and investors may send their written enquiries or requests to the Company via the following contact details:

Address:	16/F, Loon Kee Building, 267–275 Des Voeux Road Central, Hong Kong (Attention: the Board of Directors)
Email:	ir@sanbase.com.hk
Fax number:	2434 7398

Enquiries and requests will be dealt with by the Company in an informative and timely manner.

Besides, Shareholders' meetings provide an opportunity for communication between the Board and the Shareholders. It is the Company's general practice that the Chairman of the Board as well as chairman of the Audit Committee, Nomination Committee and Remuneration Committee, or in their absence, their duly appointed delegates will be available to answer questions at the AGM and other general meetings of the Company. In addition, the Company will invite representatives of the auditor to attend its AGM to answer Shareholders' questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence, if any.

H. SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at Shareholders' meetings will be voted on by poll pursuant to the GEM Listing Rules and poll results will be posted on the websites of the Company (www.sanbase.com.hk) and the Stock Exchange after each Shareholders' meeting. The Articles allow a Shareholder entitled to attend and vote at a general meeting to appoint a proxy, who need not be a Shareholder, to attend the meeting and vote thereat on his/her/its behalf.

Pursuant to the Articles, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the Company secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and 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 requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

There is no provision allowing Shareholders to move new resolutions at general meetings under the Cayman Islands Companies Law or the Articles. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

With respect to the Shareholders' right in proposing persons for election as Directors, please refer to the procedures available on the website of the Company.

During the year ended 31 March 2019, the Company has not made any changes to the Articles. An up-to-date version of the Articles is available on the websites of the Company and the Stock Exchange.

Shareholders may refer to the Articles for further details of the rights of Shareholders.

I. DIVIDEND POLICY

The historical dividend distributions are not indicative of our future dividend distribution policy. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including our results of operations, financial condition, the payment by our subsidiaries of cash dividends to us, and other factors the Board may deem relevant. There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all.

After the Listing, declaration of dividends will be subject to recommendation of our Board after considering the factors described above. Subject to the above factors, our Board intends to recommend dividends of no less than 20% of our profit and total comprehensive income after tax available for distribution to the Shareholders in a financial year.

Executive Directors

Mr. WONG Sai Chuen (王世存), aged 44, is the Chairman, Chief Executive Officer, an executive Director and the compliance officer of the Company. He founded the Group in 2009 and was appointed as a Director on 24 March 2017. He is responsible for the strategic planning, business development, daily operations and major decision making of the Group. Mr. Wong Sai Chuen is a director of 1017 Company Limited, Sanbase Interior Contracting Limited, Sanbase Contracting (Hospitality) Limited, Sanbase Contracting (Engineering) Limited, SICL Contracting (Macau) Limited, Sanbase Financial Holding Limited and Sanbase China Holding Limited, all of which are wholly-owned subsidiaries of the Company. He also is a director of Core Group Holding Limited, Siwu Architectural (Guangzhou) Limited and Sanbase Cobow Group Limited, all of which are non-wholly owned subsidiaries of the Company.

Mr. Wong Sai Chuen has over 10 years of experience in the interior fit-out industry. Before establishing the Group, Mr. Wong worked as a project director of an audio-visual solutions company from January 2002 to February 2009. Mr. Wong was primarily responsible for development and implementation of audio-visual solutions projects. From June 2007 to June 2010, Mr. Wong was a director of Arcon Contracting Limited, a company incorporated in Hong Kong and dissolved in June 2010 due to cessation of business. Prior to the dissolution, the principal business activities of Arcon Contracting Limited were installation of audio and visual system.

Mr. Wong Sai Chuen obtained a China-MBA from Shanghai Jiao Tong University in China in January 2018. He was also the director of the 52nd Term Board of Directors of the Yan Chai Hospital.

Mr. Wong Sai Chuen is the spouse of one of our executive Directors, Ms. Hui Man Yee, Maggie.

Mr. WONG Kin Kei (黃健基), aged 42, is the Chief Operating Officer and an executive Director of the Company. He joined the Group in April 2010 and was appointed as a Director on 24 March 2017. He is responsible for business development, daily operation and technical and project management. Mr. Wong Kin Kei is a director of Sanbase Interior Contracting Limited, Sanbase Contracting (Hospitality) Limited, Sanbase Contracting (Engineering) Limited and SICL Contracting (Macau) Limited, all of which are wholly-owned subsidiaries of the Company. He also is a director of Core Group Holding Limited and Siwu Architectural (Guangzhou) Limited, all of which are non-wholly owned subsidiaries of the Company.

Mr. Wong Kin Kei has over 17 years of experience in the fit-out industry and joined the Group in April 2010. Prior to joining the Group in 2010, Mr. Wong Kin Kei worked as a project manager in IBI Limited, an interior fit-out contractor, from April 2004 to May 2008 where he was responsible for project implementation and management of fit-out projects. From June 2000 to December 2003, Mr. Wong Kin Kei worked as assistant engineer in Jardine M&E Contracting Limited who was responsible for engineering work.

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

Ms. HUI Man Yee, Maggie (許曼怡), aged 42, is an executive Director of the Company. She joined the Group in April 2015 and was appointed as an executive Director on 6 July 2017. She is responsible for daily operations, business development, human resources and administrative management of the Group. She joined the Group as an associate director in 2015. Ms. Hui Man Yee, Maggie is a director of Sanbase Cobow Group Limited, a non-wholly owned subsidiary of the Company.

Prior to joining the Group, Ms. Hui Man Yee, Maggie served at an international hotel chain known as Holiday Inn Golden Mile Hong Kong ("**Holiday Inn**") from October 2004 to March 2015, where her last position held at Holiday Inn was a director of rooms in the Room Division between October 2011 and March 2015. In that position, her primary responsibilities included overseeing and managing the operation of front office and housekeeping of the hotel.

Ms. Hui Man Yee, Maggie graduated from Sheffield Hallam University in the United Kingdom with a bachelor's degree of science in hotel and tourism management in June 1998. She then obtained a master's degree in business administration from University of Birmingham in the United Kingdom in December 2011.

Ms. Hui Man Yee, Maggie is the spouse of our Chairman and executive Director, Mr. Wong Sai Chuen.

Non-executive Director

Mr. CHEUNG Ting Pong (張霆邦), aged 39, joined the Group in April 2017 and was appointed as an executive Director on 6 July 2017. He was also a director of Sanbase Financial Holding Limited, which is a wholly owned subsidiary of the Company. He was re-designated as a non-executive Director and resigned as a director of Sanbase Financial Holding Limited with effect from 8 May 2018. He is responsible for strategic planning and public relations of the Group. He has over 15 years of experience in financial operations.

Prior to joining the Group, Mr. Cheung Ting Pong served as the company secretary of Munsun Capital Group Limited (formerly known as China Precious Metal Resources Co. Ltd.), the shares of which are listed on the main board of the Stock Exchange (stock code: 1194) from November 2016 to January 2017, responsible for regulatory compliance of the company. He served as an executive director, chief financial officer and company secretary of Modern Dental Group Limited ("**Modern Dental**"), the shares of which are listed on the main board of the Stock Exchange (stock code: 3600), from March 2011 to October 2016. He was primarily responsible for supervising and handling of day to day management of Modern Dental. Further, he was also a key member of the strategic acquisition team and the acquisition projects during his tenure included: (1) acquisition of 100% interest in Cenetory Pty Limited (traded as Slater Dental Studio, a dental laboratory based in Australia); (2) strategic acquisitions relating to certain long-term European distributors of Modern Dental's dental prosthetic devices and their related brand name; and (3) acquisition of 100% of the outstanding shares of RTFP Dental Inc., a dental laboratory services provider of customized dental restorations and prosthetics in North America. He also served various positions in Deloitte Touche Tohmatsu LLC ("**Deloitte**") from September 2002 to September 2009 where his last position was senior auditor of audit department. During his service in Deloitte, he was primarily responsible for advising clients on accounting and auditing issues, he has around 7 years of experience as a chartered accountant.

Mr. Cheung Ting Pong obtained a bachelor's degree in business administration (accountancy) from the City University of Hong Kong in November 2002 and a master's degree in business administration from the University of Manchester in the United Kingdom in November 2014. He has been a registered member of the Institute of Chartered Accountants in England and Wales since February 2010, a fellow member of Hong Kong Institute of Certified Public Accountants since May 2017 and an associate member of the Hong Kong Institute of Directors since March 2016. He has been a registered member of the Institute of Certified Management Accounts since May 2017.

Independent non-executive Directors

Mr. FAN Chun Wah, Andrew *J.P.* (范駿華), aged 40, is an independent non-executive Director of the Company. He joined the Group as an independent non-executive Director on 8 December 2017. Mr. Fan is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. He is currently a practicing certified public accountant in Hong Kong.

The following table shows directorship of Mr. Fan in other listed companies:

Name of listed companies	Stock Exchange on which the shares are listed (stock code)	Period	Position
CNC Holdings Limited	The Stock Exchange (8356)	January 2018 to present	independent non-executive director
Space Group Holdings Limited	The Stock Exchange (2448)	December 2017 to present	independent non-executive director
Omnibridge Holdings Limited	The Stock Exchange (8462)	June 2017 to present	independent non-executive director
Nameson Holdings Limited	The Stock Exchange (1982)	January 2016 to present	independent non-executive director
Culturecom Holdings Limited	The Stock Exchange (343)	April 2015 to present	independent non-executive director
Fulum Group Holdings Limited	The Stock Exchange (1443)	October 2014 to present	independent non-executive director
Sinomax Group Limited	The Stock Exchange (1418)	March 2014 to present	independent non-executive director
Chuang's China Investments Limited	The Stock Exchange (298)	January 2013 to present	independent non-executive director
Universal Star (Holdings) Limited	The Stock Exchange (2346)	April 2019 to present	independent non-executive director
Hong Kong Resources Holdings Company Limited	The Stock Exchange (2882)	July 2015 to May 2017	independent non-executive director
Lerthai Group Limited (formerly known The Stock Exchange (112) March 2013 to as LT Commercial Real Estate Limited)	The Stock Exchange (112)	March 2013 to January 2017	independent non-executive director

Name of listed companies	Stock Exchange on which the shares are listed (stock code)	Period	Position
On Real International Holdings Limited	The Stock Exchange (8245)	September 2015 to August 2016	independent non-executive director

Mr. Fan Chun Wah, Andrew *J.P.* obtained a bachelor's degree in business administration in accounting and finance from The University of Hong Kong in December 1999 and a bachelor's degree in laws from the University of London, United Kingdom in August 2007. He is currently a member of the Association of Chartered Certified Accountants in the United Kingdom and an associate member of the Hong Kong Institute of Certified Public Accountants. He is currently practicing in Fan, Mitchell & Co., Limited and C.W. Fan & Co. Limited.

He was also a committee member of the tenth to twelfth Chinese People's Political Consultative Conference of the Zhejiang Province, the fourth and fifth Chinese People's Political Consultative Conference of Shenzhen, the chairman of the 23rd council of Hong Kong United Youth Association and the vice chairman of the tenth committee of Zhejiang Province United Young Association.

Mr. WU Kam On Keith (鄔錦安), aged 44, is an independent non-executive Director of the Company. He joined the Group as an independent non-executive Director on 8 December 2017. He has extensive experience in the food and beverage industry in Hong Kong as well as over 22 years of financial and accounting experience.

Mr. Wu is currently an executive director and the group chief operation officer and company secretary of Tsit Wing International Holdings Ltd. ("**Tsit Wing**"), the shares of which are listed on the main board of the Stock Exchange (stock code: 2119) since May 2018, which is a leading integrated business-to-business coffee and black tea solutions provider in Hong Kong, Macau and the PRC with an established food products business. Prior to joining Tsit Wing in July 2005, he was an accountant of Hongkong International Terminals Limited which operates a number of ports at the Kwai Chung Terminals, Hong Kong, from April 2001 to June 2004 and practiced as a certified public accountant at Deloitte Touche Tohmatsu from June 1997 to July 2000.

Mr. Wu has also been an independent non-executive Director of (i) Fulum Group Holdings Limited, a company listed on the main board of the Stock Exchange (stock code: 1443), since 28 October 2014; and (ii) Hao Bai International (Cayman) Limited, a company listed on the GEM of the Stock Exchange (stock code: 8431), since 19 January 2017.

He obtained a bachelor's degree in accountancy from the City University of Hong Kong in November 1997 and a master degree in corporate governance from the Hong Kong Polytechnic University in October 2009. He was admitted as a fellow of the Hong Kong Institute of Certified Public Accountants in September 2008 and a fellow of The Hong Kong Institute of Chartered Secretaries in September 2018. He has also been a fellow of the Taxation Institute of Hong Kong since July 2010 and a fellow of The Institute of Chartered Secretaries and Administrations in the United Kingdom since September 2018.

Mr. PANG Chung Fai, Benny (彭中輝), aged 46, is an independent non-executive Director of the Company. He joined the Group as an independent non-executive Director on 8 December 2017. He is currently the managing partner of Benny Pang & Co., which specializes in capital markets and general corporate and commercial work. He is a non-executive director of Huabang Financial Holdings Limited and an independent non-executive director of Yuanda China Holdings Limited, the shares of both companies are listed on the Main Board of the Stock Exchange (stock code: 3638 and 2789, respectively).

Mr. Pang Chung Fai, Benny obtained his bachelor degree in laws (honors) from Bond University, Australia, in 1996. He obtained his graduate diploma in legal practice from The College of Law, Sydney in Australia in November 1997 and his master degree in laws from the University of New South Wales, Australia in October 1997. He has been admitted as a legal practitioner of the Supreme Court of New South Wales, Australia since 1997 and as a solicitor of the High Court of Hong Kong since 2009. Between 1996 and 2017, he practiced as a lawyer with several international law firms in Hong Kong and Sydney.

He is a member of each of the Law Society of New South Wales, Australia and the Law Society of Hong Kong.

SENIOR MANAGEMENT

Ms. Li Tsz Man (李子敏), aged 36, joined the Group as senior finance manager in April 2017 and was appointed as our Company Secretary on 6 July 2017. She is a certified public accountant in Hong Kong with over 10 years' of extensive experience in financial operations. Prior to joining the Company, she served as a group finance manager of Modern Dental Group Limited, a company listed on the main board of the Stock Exchange (Stock Code: 3600), from July 2012 to April 2017, where she was responsible for financial reporting and treasury function of the company. She also served as an auditor in the provision of audit and assurance services in RSM Hong Kong (formerly known as RSM Nelson Wheeler), being an accountancy services firm, from August 2006 to February 2012.

She has been a member of The Institute of Chartered Accountants in England and Wales since May 2015 and a fellow member of Hong Kong Institute of Certified Public Accountants since May 2017. She obtained her degree of bachelor of business administration with honors in accountancy from the City University of Hong Kong in November 2006.

羅兵咸永道

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

OPINION

What we have audited

The consolidated financial statements of Sanbase Corporation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 52 to 121, which comprise:

- the consolidated statement of financial position as at 31 March 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

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

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

- Identification and valuations of identifiable intangible assets acquired upon business combination
- Recognition of contract revenue
- Impairment assessment of contract assets and trade and retention receivables

Key Audit Matter	How our audit addressed the Key Audit Matter
Identification and valuations of identifiable intangible assets acquired upon business combination	
Refer to notes 2.4 and 28 to the consolidated financial statements. The Group completed the acquisitions of 60% equity interests in Core Group Holding Limited and 65% equity interests in Siwu Architectural (Guangzhou) Limited at a total consideration of approximately HK$12.7 million on 12 April 2018 and 8 May 2018 respectively. The Group is required to allocate the purchase prices to the identifiable assets acquired and liabilities assumed based on their estimated fair values at the respective dates of the acquisitions. Management engaged an independent professional valuer to assist them to perform valuations using different valuation methodologies for different types of assets. In aggregate, intangible assets of approximately HK$2.9 million including customer relationship and customer contracts were identified and recognized, resulting in a goodwill of approximately HK$9.5 million. Various key assumptions and estimates were adopted in the valuations, including revenue growth rate, discount rate, customers' attrition rate and remaining useful life of customers' contracts. We focused on this area because the identification and valuation of identifiable intangible assets required significant management's judgements and estimates.	Our audit procedures in relation to identification and valuations of identifiable intangible assets acquired upon business combination included: • Assessed the competency, capabilities and objectivity of the independent professional valuer engaged by management; • Understood and assessed the rationale of management and independent professional valuer on the identification of intangible assets acquired and liabilities assumed at the respective dates of acquisitions; • Assessed the appropriateness of valuation methodologies and the reasonableness of discount rate adopted in the valuation of identifiable intangible assets with the involvement of our internal valuation specialists; • Evaluated other key assumptions used in the valuations including revenue growth rate, customers' attrition rate and remaining useful life of customers' contracts by comparing these assumptions against the Group's historical data and relevant market data as well as performing industry research; and • Tested the mathematical accuracy of the underlying calculation of the fair values of identifiable intangible assets acquired. Based on the above, we found the management's judgements and estimates used in relation to the identification and valuations of identifiable intangible assets were supported by available evidence.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of contract revenue	
Refer to notes 2.22 and 5 to the consolidated financial statements. The Group recorded contract revenue from the services of bare shell fit-out, restacking and reinstatement for the year ended 31 March 2019 of approximately HK$629.5 million. Revenue from contracts for the above services is recognized over the period of the contract by measuring the progress towards complete satisfaction of the performance obligation on the basis of the actual costs incurred by the Group up to the year end date as a percentage of total estimated costs for each contract. We focused on this area as significant management's judgement is involved to estimate the costs to complete individual service contract for projects in progress. The estimated costs to completion is used to determine the progress towards complete satisfaction of performance obligation of an individual service contract and to recognize relevant contract revenue accordingly.	Our audit procedures in relation to management's recognition of contract revenue included: • Selected the ongoing contracts on a sample basis and reviewed the terms and conditions of the contracts to understand the respective work nature and contractual relationship with the customers; • Checked the correspondences with selected customers, including project acceptance documents or communication evidence to evaluate the reasonableness of management's estimates on the progress towards completion of a project; • Assessed management's determination of the progress toward complete satisfaction of the projects through inquiry with project managers, inspection of project status summary and other correspondences with customers and performing site visits; • Reviewed the latest project budgets and quotations from subcontractors in assessing management's determination of estimated total costs of projects; • Tested the total costs incurred up to the date of statement of financial position by checking, on a sample basis, sub-contractors' invoices and/or quotations; and • Tested mathematical accuracy of the calculations of contract revenue and costs. Based on the above, we found management's judgement used to estimate total costs of projects and progress towards complete satisfaction as at year end date were supported by available evidence.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of contract assets and trade and retention receivables	
Refer to notes 3.1(b)(iii), 16 and 17 to the consolidated financial statements. The Group had gross contract assets of approximately HK$120.1 million and gross trade and retention receivables of approximately HK$124.3 million as at 31 March 2019. The loss allowances for these financial assets were determined based on assumptions about risk of default and expected loss rates. To measure expected credit losses, contract assets and trade and retention receivables had been grouped based on shared credit risk characteristics and the days past due. The contract assets related to unbilled work in progress and had substantially the same risk characteristics as the trade and retention receivables for the same types of contracts. The expected loss rates were based on the payment profiles of sales and the corresponding historical credit losses experienced over a period before 31 March 2019. The historical loss rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the contract assets and trade and retention receivables. Management then estimated the loss allowances of contract assets and trade and retention receivables based on the adjusted loss rates, the outstanding balances of contract assets and ageing profiles of trade and retention receivables as at 31 March 2019. Based on this assessment, management had estimated loss allowances of approximately HK$0.2 million and approximately HK$2.2 million for contract assets and trade and retention receivables respectively as at 31 March 2019. We focused on this area due to the size of the contract assets and trade receivables as at 31 March 2019 and the significant management's judgements used to estimate the expected credit losses of these financial assets.	Our audit procedures in relation to impairment assessment of contract assets and trade and retention receivables included: • Understood the key controls over management's assessment of expected credit loss for contract assets and trade and retention receivables including the evaluations of customers' credit profiles and their respective credit risk; • Tested, on a sample basis, the historical payment profile of customers; • Performed market research to obtain industry data and corroborated explanations from management with supporting evidence to assess reasonableness of forward-looking information used by management in determining the adjusted loss rates; and • Checked, on a sample basis, the ageing profile of the trade and retention receivables as at 31 March 2019 to the underlying financial records. Based on the above, we found that management's judgements used in relation the impairment assessment of contract assets and trade and retention receivables were supported by available evidence.

OTHER INFORMATION

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

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

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

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

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 June 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Note	**2019** **HK$'000**	2018 HK$'000
Revenue	5	**650,455**	376,208
Cost of sales	6	**(579,608)**	(336,872)
Gross profit		**70,847**	39,336
Gain on disposal of a financial asset through profit or loss		**—**	300
Administrative expenses	6	**(29,811)**	(28,111)
Impairment losses on financial assets	3.1(b)(iii)	**(3,326)**	—
Operating profit		**37,710**	11,525
Finance income		**60**	97
Finance costs		**(376)**	(160)
Finance costs — net	8	**(316)**	(63)
Profit before income tax		**37,394**	11,462
Income tax expense	9	**(7,076)**	(4,551)
Profit for the year		**30,318**	6,911
Other comprehensive income			
Exchange differences on translation of foreign operations		**(52)**	—
Other comprehensive income for the year, net of tax		**(52)**	—
Total comprehensive income for the year		**30,266**	6,911

	Note	**2019** **HK$'000**	2018 *HK$'000*
Profit for the year attributable to:			
Owners of the Company		**28,116**	6,911
Non-controlling interests		**2,202**	—
		30,318	6,911
Total comprehensive income for the year attributable to:			
Owners of the Company		**28,070**	6,911
Non-controlling interests		**2,196**	—
		30,266	6,911
Basic and diluted earnings per share attributable to the owners of the Company (expressed in HK cents)	11	**14.10**	4.27

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Note	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	**2,783**	2,238
Intangible assets	13	**9,927**	—
Financial asset at fair value through profit or loss	14	**7,831**	—
Deposits and prepayments	18	**1,400**	2,272
Deferred tax assets	22	**515**	—
		22,456	4,510
Current assets			
Trade and retention receivables	16	**122,136**	67,076
Amounts due from shareholders	27(b)	**—**	383
Contract assets	17	**119,842**	—
Amounts due from customers for contract work	17	**—**	50,814
Deposits, other receivables and prepayments	18	**11,645**	9,858
Tax recoverables		**—**	191
Cash and cash equivalents	19	**106,009**	58,763
		359,632	187,085
Total assets		**382,088**	191,595
EQUITY			
Equity attributable to the owners of the Company			
Share capital	23	**1,553**	1,553
Shares held under share award scheme	23	**(2,998)**	—
Share premium		**63,832**	68,632
Exchange reserve		**(53)**	—
Retained earnings		**69,524**	41,660
		131,858	111,845
Non-controlling interests		**4,946**	—
Total equity		**136,804**	111,845

	Note	2019 HK$'000	2018 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	22	**66**	—
Current liabilities			
Trade payables	20	**203,641**	76,987
Accruals and other payables	20	**6,638**	2,238
Contract liabilities	17	**18,729**	—
Amounts due to customers for contract work	17	**—**	525
Bank borrowing	21	**12,800**	—
Current income tax liabilities		**3,410**	—
		245,218	79,750
Total liabilities		**245,284**	79,750
Total equity and liabilities		**382,088**	191,595

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

The financial statements on pages 52 to 121 were approved by the Board of Directors on 20 June 2019 and were signed on behalf.

Wong Sai Chuen
Director

Wong Kin Kei
Director

	Share capital HK$'000 (Note 23)	Share premium HK$'000	Shares held under share award scheme HK$'000 (Note 23)	Other reserve HK$'000 (Note)	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 April 2018 as originally presented	1,553	68,632	–	–	–	41,660	111,845	–	111,845
Change in accounting policy *(note 2.2(a)(ii))*	–	–	–	–	–	(252)	(252)	–	(252)
Restated total equity as at 1 April 2018	1,553	68,632	–	–	–	41,408	111,593	–	111,593
Profit for the year	–	–	–	–	–	28,116	28,116	2,202	30,318
Other comprehensive income									
Currency translation difference	–	–	–	–	(46)	–	(46)	(6)	(52)
Total comprehensive income for the year	–	–	–	–	(46)	28,116	28,070	2,196	30,266
Transactions with owners in their capacity as owners									
Non-controlling interests on acquisition of subsidiaries	–	–	–	–	–	–	–	2,138	2,138
Capital injection by Non-controlling interests	–	–	–	–	(7)	–	(7)	612	605
Acquisition of shares under share award scheme	–	–	(2,998)	–	–	–	(2,998)	–	(2,998)
Final dividend paid for the year ended 31 March 2018	–	(4,800)	–	–	–	–	(4,800)	–	(4,800)
Balance at 31 March 2019	1,553	63,832	(2,998)	–	(53)	69,524	131,858	4,946	136,804

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Share capital *HK$'000* *(Note 23)*	Share premium *HK$'000*	Shares held under share award scheme *HK$'000* *(Note 23)*	Other reserve *HK$'000* *(Note)*	Exchange reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1 April 2017	390	—	—	10	—	34,749	35,149	—	35,149
Profit and total comprehensive income for the year	—	—	—	—	—	6,911	6,911	—	6,911
Transactions with owners in their capacity as owners									
Effect of Reorganization	—	—	—	(10)	—	—	(10)	—	(10)
Shares issued under share offer	388	77,612	—	—	—	—	78,000	—	78,000
Issuance of shares upon capitalization	775	(775)	—	—	—	—	—	—	—
Listing expenses charged to share premium	—	(8,205)	—	—	—	—	(8,205)	—	(8,205)
Balance at 31 March 2018	1,553	68,632	—	—	—	41,660	111,845	—	111,845

Note:

As at 1 April 2017, it represented the combined share capital of operating entities comprising the Group.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Note	2019 HK$'000	2018 HK$'000
Cash flows from operating activities			
Cash generated from/(used in) operations	24(a)	**51,773**	(21,200)
Interest received		**60**	97
Income tax paid		**(6,130)**	(4,957)
Net cash inflow/(outflow) from operating activities		**45,703**	(26,060)
Cash flows from investing activities			
Payment for acquisitions of subsidiaries, net of cash acquired	28	**4,949**	—
Purchases of plant and equipment	12	**(1,066)**	(2,349)
Payment for financial asset at fair value through profit or loss		**(7,831)**	—
Prepayment for an intangible asset		**—**	(1,054)
Deposit for acquisition of a subsidiary	18	**—**	(1,218)
Net cash outflow from investing activities		**(3,948)**	(4,621)
Cash flows from financing activities			
Dividend paid		**(4,800)**	—
Interest paid		**(127)**	(160)
Acquisition of shares under share award scheme	23	**(2,998)**	—
Proceeds from allotment of ordinary shares, net of professional fees		**—**	75,092
Capital injection by non-controlling interests		**605**	—
Payment for listing expenses charged to share premium		**—**	(5,297)
Proceeds from bank borrowing		**20,300**	11,300
Repayment of bank borrowing		**(7,500)**	(11,300)
Net cash inflow financing activities		**5,480**	69,635
Net increase in cash and cash equivalents		**47,235**	38,954
Cash and cash equivalents at beginning of the year		**58,763**	19,809
Effect of foreign exchange rate changes		**11**	—
Cash and cash equivalents at end of the year	19	**106,009**	58,763

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

1 GENERAL INFORMATION

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

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

The shares of the Company (the "Share(s)") were listed on the GEM of The Stock Exchange of Hong Kong Limited since 4 January 2018.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

(i) Compliance with Hong Kong Financial Reporting Standards and Hong Kong Companies Ordinance

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of the Hong Kong Companies ordinance ("HKCO") Cap.622.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets measured at fair value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(iii) New and amended standards adopted by the Group

The Group has applied the following standards, amendments and interpretations for the first time for their annual reporting period commencing 1 April 2018:

Amendments to HKFRS 1 and HKAS 28	Annual improvements 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
HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers
Amendments to HKFRS 15	Clarifications to HKFRS 15
Amendments to HKAS 40	Transfers of investment property
HK(IFRIC)-Int 22	Foreign currency transactions and advance consideration

The Group had to change its accounting policies and make certain retrospective adjustments following the adoption of HKFRS 9 and HKFRS 15 which are disclosed in note 2.2. Other amendments and interpretations listed above did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(iv) New standards and interpretations not yet adopted

The following new accounting standards and interpretations have been published but are not mandatory for 31 March 2019 reporting period and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Annual Improvement project	Annual improvements 2015-2017 cycle (amendments)	1 April 2019
Amendments to HKFRS 9	Prepayment features with negative compensation	1 April 2019
HKFRS 16	Leases	1 April 2019
HK(IFRIC)23	Uncertainty over income tax treatments	1 April 2019
Amendments to HKAS 19	Plan amendment, curtailment or settlement	1 April 2019
Amendments to HKAS 28	Investment in associates and joint ventures	1 April 2019
Amendments to HKAS 1 and HKAS 8	Definition of material	1 April 2020
Amendments to HKFRS 3	Definition of business	1 April 2020
Conceptual Framework for Financial Reporting 2018	Raised conceptual framework for financial reporting	1 April 2020
HKFRS 17	Insurance contracts	1 April 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group will apply the above new standards, amendments to standards and interpretation when they become effective.

The Group has commenced the assessment of the impact of HKFRS 16 as set out below.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(iv) New standards and interpretations not yet adopted (Continued)

HKFRS 16 "Leases"

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the consolidated statement of financial position by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Group's operating leases.

Based on management's initial assessment, the initial adoption of HKFRS 16 in the future will result in an increase in the right-of-use assets and the lease liabilities, which is expected to result in an increase in both assets and liabilities in the consolidated statement of financial position. The adoption will also front-load the expense recognition in the consolidated profit or loss over the period of the leases, as a result of the combination of the interest expenses arising from the lease liabilities and the amortization of the right-of-use assets as compared to the rental expenses under existing standard.

Date of adoption by Group

The Group will apply the standard from its mandatory adoption date of 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. All right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 *Financial Instruments* and HKFRS 15 *Revenue from Contracts with Customers* on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 April 2018, where they are different to those applied in prior years.

The Group elected to adopt HKFRS 9 and HKFRS 15 without restating comparatives. The adjustments are therefore not reflected in the consolidated statement of financial position as at 31 March 2018, but are recognized in the opening retained earnings on 1 April 2018.

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

Consolidated statement of financial position (extract)	**31 March 2018 as originally presented**	**Effects of adoption of HKFRS 9**	**Effects of adoption of HKFRS 15**	**1 April 2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current assets				
Trade receivables	44,605	(216)	–	44,389
Contract assets	–	(36)	50,814	50,778
Amount due from customer for contract work	50,814	–	(50,814)	–
Current liabilities				
Contract liabilities	–	–	525	525
Amount due to customer for contract work	525	–	(525)	–
Retained earnings	41,660	(252)	–	41,408

2.2(a) *HKFRS 9 — Financial Instruments — Impact of adoption*

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial Instruments from 1 April 2018 resulted in changes in accounting policies. The new accounting policies are set out in note 2.11.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

2.2(a) *HKFRS 9 — Financial Instruments — Impact of adoption* (Continued)

(i) Classification and measurement

On 1 April 2018 (the date of initial adoption of HKFRS 9), the Group's financial assets were carried at amortized cost. There were no material changes regarding classification and measurement as the relevant accounting policies for financial assets carried at amortized cost have not been changed significantly. Therefore, there was no reclassification of financial assets on 1 April 2018 as a result of change in accounting policies.

(ii) Impairment of financial assets

The Group has the following financial assets carried at amortized costs that are subject to HKFRS 9's new expected credit loss ("ECL") model:

1. Trade and retention receivables;

2. Contract assets;

3. Other receivables; and

4. Cash and cash equivalents.

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group's opening retained earnings and equity is disclosed in the consolidated statement of changes in equity was immaterial.

Contract assets and trade and retention receivables

The Group applies the simplified approach to measure the expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for contract assets and trade and retention receivables. This resulted in an increase of loss allowance by approximately HK$36,000 and approximately HK$216,000 as at 1 April 2018 for contract assets and trade and retention receivables respectively. Note 3.1(b)(iii) provides for details about the assessments of the allowance.

While other receivables and cash and cash equivalents are also subject to the impairment requirement of HKFRS 9, the identified impairment loss, if any, was immaterial.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

2.2(b) *HKFRS 15 Revenue from Contracts with Customers — Impact of adoption*

HKFRS 15 replaces the provisions of HKAS 18 Revenue ("HKAS 18") and HKAS 11 Construction contracts ("HKAS 11") that relate to the recognition, classification and measurement of revenue and costs.

The Group elected to use a modified retrospective approach for transition which allows the Group to recognize the cumulative effects of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings. The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 April 2018, thus the comparative figures have not been restated. The reclassifications are therefore not reflected in the consolidated statement of financial position as at 31 March 2018, but are recognized in the opening of the consolidated statement of financial position on 1 April 2018.

Reclassifications were made as at 1 April 2018 to reflect the terminologies used under HKFRS 15.

— Contract assets recognized in relation to service contracts were previously presented as amounts due from customers for contract work

— Contract liabilities recognized in relation to service contracts were previously presented as amounts due to customers for contract work

Except for the above reclassification, management concluded that the adoption of HKFRS 15 does not have material impact to the results and financial position of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Principles of consolidation

Subsidiaries

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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (see note 2.4).

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

2.4 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of subsidiaries comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the Group, fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiaries.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Business combinations (Continued)

Acquisition-related costs are expensed as incurred.

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

If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amount payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

2.5 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.

2.6 Segment reporting

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 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 the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

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

(c) Group companies

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

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting currency translation differences are recognized in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Foreign currency translation (Continued)

(c) Group companies (Continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.8 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. 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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the consolidated profit or loss during the reporting period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Property, plant and equipment (Continued)

Depreciation is calculated using the straight-line method to allocate their costs to their residual values, over the estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

Leasehold improvement	4 years or the remaining lease term, whichever is shorter
Vehicles	4 years
Furniture and equipment	4 years

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 (Note 2.10).

2.9 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.4. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 5).

(b) Customer relationship and contracts

Customer relationship and contracts acquired in a business combination are recognized at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Intangible assets (Continued)

(c) Amortization methods and periods

The Group amortizes intangible assets with a limited useful life using the straight-line method over 1 to 3 years.

2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflow which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 Investments and other financial assets

(a) Classification

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Investments and other financial assets (Continued)

(b) Recognition and derecognition

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

(c) Measurement

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

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into below two measurement categories:

- Financial assets at amortized cost

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

- Financial assets at fair value through profit or loss

  Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognized in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Investments and other financial assets (Continued)

(d) *Impairment*

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For contract assets and trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets. See note 3.1(b)(iii).

(e) *Accounting policies applied until 31 March 2018*

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Until 31 March 2018 the Group classifies its financial assets as loans and receivables.

The classification determined on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group's loans and receivables comprised of "trade and retention receivables", "deposits and other receivables", "amounts due from shareholders" and "cash and cash equivalents" as at 31 March 2018.

(i) Measurement

The measurement at initial recognition did not change on adoption of HKFRS 9, see description above in note 2.11c. Subsequent to the initial recognition, loans and receivables were subsequently carried at amortized cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Investments and other financial assets (Continued)

(e) Accounting policies applied until 31 March 2018 (Continued)

(ii) Impairment

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated.

Assets carried at amortized cost

For loans and receivables, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced and the amount of the loss was recognized in profit or loss. If a loan had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract. As a practical expedient, the Group could measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss was recognized in profit or loss.

Impairment testing of trade and retention receivables is described in Note 3.1(b)(iv) and Note 16.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Group has also entered into arrangement that do not meet the criteria for offsetting but still allow for the related amount to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Trade and other receivables

Trade and retention receivables are amounts due from customers for service performed in the ordinary course of business. If collection of trade 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 recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

2.14 Cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents include cash on hand and deposits held at call with financial institutions.

2.15 Share capital and share award scheme

Ordinary shares are classified as equity.

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

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

2.16 Trade and other payables

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

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

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 reporting period.

2.18 Borrowing costs

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

2.19 Current and deferred income tax

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

Current income tax

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Current and deferred income tax (Continued)

Deferred income tax

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

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

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

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

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

2.20 Employee benefits

(a) Employee leave entitlements

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Employee benefits (Continued)

(b) Pension obligations

The Group participates in a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays contributions, on a mandatory, contractual or voluntary basis, into a separate entity. The scheme is generally funded through payments to insurance companies or state/trustee-administered funds. The Group has no further payment obligations once the contributions have been paid. It has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employment costs when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Provision for bonus plans

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

2.21 Provisions

Provisions are recognized 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 amount has been reliably estimated. Provisions are not recognized 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 recognized 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 management best estimate of expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognized as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the provision of bare shell fit-out, restacking, reinstatement, churn work, maintenance, design and other services, stated net of discounts.

The Group does not expect to have any contracts where the period between the transfer of the promised goods to the customers and the payment by the customers exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assume performance obligations to transfer goods or services to the customer. The combination of those rights and performance obligations give rise to a net asset or net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognized as contract assets if the measure of the remaining conditional rights to consideration exceed the satisfied performance obligations. Conversely, the contract is a liability and recognized as contract liabilities if consideration received (or an amount of consideration is due) from the customer exceeds the measure of the remaining unsatisfied performance obligations. In the consolidated statement of financial position, the contract assets mainly consist of unbilled work in progress and contract liabilities mainly consist of receipt in advance from customers.

Revenue is recognized when, or as, the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws applicable, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Revenue recognition (Continued)

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs (i.e. actual costs incurred) to the satisfaction of the performance obligation relative to the total expected efforts or inputs (i.e. total estimated costs of a contract).

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

(i) Provision of bare shell fit-out, restacking and reinstatement services

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

(ii) Rendering of churn work, maintenance, design and other services

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

2.23 Operating leases (as the lessee)

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are charged to the profit or loss on a straight-line basis over the period of the lease.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Currency risk

The Group has minimal exposure to currency risk as most of the income and expenditure of the Group are denominated in HK$, and the directors considered that the Group does not have material foreign exchange exposure.

(ii) Price risk

The Group is exposed to price changes arising from equity investment classified as financial assets at fair value through profit or loss. The Group maintains the equity investment for long-term strategic purposes.

The Group's investment as at year end date is not publicly traded, management exercises its judgement to determine its fair value and make assumptions that are based on market conditions existing at year end date.

Management is of the opinion that the Group has minimal exposure to the price risk as at 31 March 2019 and 2018.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact on interest-bearing assets resulted from changes in interest rates because the interest rates of bank deposits are not expected to change significantly.

The Group's interest rate risk arises from bank borrowing. Bank borrowing obtained at variable rates expose the Group to cash flow interest rate risk. Management is of the opinion that the Group has minimal exposure to the interest rate risk as at 31 March 2019 and 2018.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk as the interest rate risk exposure is not significant. In order to manage the cash flow interest rate risk, the Group will repay the corresponding bank borrowings when it has surplus funds.

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, contract assets, trade and retention receivables, deposits, other receivables and debt instrument carried at fair value through profit or loss. The Group's maximum exposure to credit risk is the carrying amounts of these financial assets.

Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

(i) Credit risk of cash and cash equivalents

The Group's cash and cash equivalents were mainly deposited with high quality financial institutions. Therefore, the directors do not expect any losses arising from non-performance by these counterparties.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Credit risk of deposits and other receivables

Deposits and other receivables were mainly rental deposits, refundable deposits placed to subcontractors and suppliers and other miscellaneous receivables. The credit quality of deposits and other receivables has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties. Given the track record of transaction with and repayment from these counter-parties in full, the directors of the Company are of the opinion that the risk of default by these counterparties is not significant and does not expect any losses from non-performance by the counterparties. Therefore, expected credit loss rate of the deposits and other receivables is assessed to be immaterial and no provision was made as at 31 March 2019 and 1 April 2018.

(iii) Credit risk of contract assets and trade and retention receivables

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

To measure the expected credit losses, contract assets and trade and retention receivables have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 24 month before 1 April 2018 and the corresponding historical credit losses experienced within this period.

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

Impairment losses on contract assets and trade and retention receivables are presented as impairment losses on financial assets in the consolidated profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Credit risk of contract assets and trade and retention receivables (Continued)

The loss allowance as at 31 March 2019 and 1 April 2018 (on adoption of HKFRS 9) was determined as follows:

31 March 2019	Contract assets	Trade receivables Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 180 days past due	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Residential Properties							
Gross carrying amount	—	—	—	—	—	3,582	3,582
Loss allowance	—	—	—	—	—	1,791	1,791
Lifetime expected credit loss rate	—	—	—	—	—	50%	
Commercial Properties							
Gross carrying amount	120,062	97,695	4,857	6,310	3,016	2,679	114,557
Loss allowance	220	179	31	68	43	82	403
Lifetime expected credit loss rate	0.2%	0.2%	0.6%	1.1%	1.4%	3.1%	
1 April 2018							
Residential Properties							
Gross carrying amount	—	—	3,384	—	—	198	3,582
Loss allowance	—	—	—	—	—	—	—
Lifetime expected credit loss rate	—	—	—	—	—	—	
Commercial Properties							
Gross carrying amount	50,814	14,627	6,004	4,731	502	15,259	41,123
Loss allowance	36	10	17	28	4	257	316
Lifetime expected credit loss rate	0.1%	0.1%	0.3%	0.6%	0.8%	1.7%	

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Credit risk of contract assets and trade and retention receivables (Continued)

The loss allowances for contract assets and trade receivables as at 31 March 2019 reconcile to the opening loss allowances on 1 April 2018 as follows:

	Contract assets *HK$'000*	Trade receivables *HK$'000*
Loss allowance as at 31 March 2018	—	100
Amounts additionally provided through opening retained earnings on adoption of HKFRS 9	36	216
Opening loss allowance as at 1 April 2018	36	316
Increase in loss allowance recognized in profit or loss	184	3,142
Receivables written off during the year as uncollectible	—	(1,264)
Loss allowance as at 31 March 2019	220	2,194

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Given that there was no default for retention receivables in the past, management considered the risk of default of retention receivables as at 31 March 2019 and 2018 is not significant. Therefore, expected credit loss rate of retention receivables and hence the loss allowance is assessed to be close to zero.

(iv) Previous accounting policy for impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iv) Previous accounting policy for impairment of financial assets (Continued)

For loans and receivables, the amount of the 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 financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss.

(c) Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	2019 HK$'000	2018 HK$'000
On demand or less than 1 year		
Trade payables *(Note 20)*	**203,641**	76,987
Accruals and other payables *(Note 20)*	**6,638**	2,238
Bank borrowing *(Note 21)*	**12,800**	—
	223,079	79,225

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total equity. Total debt is calculated as total bank borrowing as shown in the consolidated statement of financial position.

	2019	2018
	HK$'000	*HK$'000*
Total debt	**12,800**	—
Total equity	**136,804**	111,845
Gearing ratio	**9.4%**	—

3.3 Fair value estimation

The table below analyzes financial instruments carried at fair value, by level of the inputs to valuation techniques used to measure fair value. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair values of cash and cash equivalents, contract assets, trade and retention receivables, other receivables and deposits, trade and other payables at 31 March 2019 approximate their carrying amounts due to their short-term maturities.

The fair value of bank borrowing as at 31 March 2019 approximates its carrying amount as it bear interest at floating rates that are market dependent.

Disclosures of the financial assets that is measured at fair value is set out in Note 14 and are included in level 3 of the fair value hierarchy.

There were no transfers among levels 1, 2 and 3 during the year.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Offsetting financial assets and financial liabilities

The following table presents the recognized financial instruments that are offset as at 31 March 2019 and 31 March 2018.

	Gross amount *HK$'000*	Gross amounts set off in the consolidated statement of financial position *HK$'000*	Net amounts presented in the consolidated statement of financial position *HK$'000*
2019			
Financial assets			
Deposits, other receivables and prepayments	16,695	(3,650)	13,045
Financial liabilities			
Trade payables	207,291	(3,650)	203,641
2018			
Financial assets			
Deposits, other receivables and prepayments	15,780	(3,650)	12,130
Financial liabilities			
Trade payables	80,637	(3,650)	76,987

Note:

As at 31 March 2019 and 31 March 2018, an advance due from a sub-contractor is offset against trade payables from the same sub-contractor under the terms of the sub-contracting agreement.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates

(a) Construction contracts

The Group reviews and revises the estimates of contract revenue, contract costs and variation orders prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by management on the basis of quotations from time to time provided by major subcontractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such significant estimates may have an impact on the profit recognized in each year.

(b) Impairment of financial assets

The provision for contract assets and trade receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the customers' past payment history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of management's credit risk assessment are disclosed in Note 3.1(b)(iii).

(c) Valuations of identifiable intangible assets acquired upon business combination

The Group had completed two business combinations during the year and intangible assets and goodwill totaling approximately HK$2,870,000 and approximately HK$9,544,000 respectively were resulted from these acquisitions. The fair value of intangible assets and the purchase price allocation were supported by valuation performed by an independent professional valuer. The Group used judgement in making the assumptions on key estimates including revenue growth, gross profit margin, useful life of the intangible assets and discount rate based on the Group's past history, existing market condition and forward looking estimates.

5 REVENUE AND SEGMENT INFORMATION

The executive directors have been identified as the CODM of the Group who review the Group's internal reporting in order to assess performance and allocate resources. The Group focuses on provision of interior fit-out solutions in Hong Kong for the year ended 31 March 2019 and 2018. Information reported to the CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the directors regard the Group's business as a single operating segment and review consolidated financial information accordingly.

The Group primarily operates in Hong Kong and started its business in the People's Republic of China ("PRC") in May 2018. Revenue generated from customers in the PRC is also related to the provision of interior fit-out solutions and the reported revenue, profit or loss and total assets of the PRC operation is less than 10% of the respective attributes of the Group. Accordingly, no separate operating and geographical segment information is presented.

The Group's revenue from its major services during the year is as follows:

	2019	2018
	HK$'000	*HK$'000*
Bare shell fit-out	**557,268**	305,978
Restacking	**37,598**	37,064
Reinstatement	**34,651**	19,903
Design	**9,563**	—
Churn work	**9,587**	10,421
Maintenance and others	**1,788**	2,842
	650,455	376,208

The Group's five largest customers accounted for approximately 50% (2018: 44%) of the Group's total revenue for the year ended 31 March 2019.

For the year ended 31 March 2019, revenue of approximately HK$169,398,000 (2018: HK$59,039,000) was generated from 2 (2018: 1) major customer, which accounts for 10% or more of the Group's revenue.

Revenue generated from bare shell fit-out, restacking and reinstatement services were recognized over time while revenue generated from churn work, design, maintenance and other services were recognized at a point in time for the year ended 31 March 2019.

Information regarding assets and liabilities related to contracts with customers are disclosed in Note 17.

6 EXPENSES BY NATURE

Expenses included in cost of sales and administrative expenses are analyzed as follows:

	2019	2018
	HK$'000	*HK$'000*
Subcontracting charges	**537,290**	314,372
Employee benefit expense *(Note 7)*	**39,162**	17,088
Cleaning expenses	**8,148**	6,707
Insurance expenses	**3,209**	2,321
Provision for doubtful debt *(Note)*	**—**	350
Security expenses	**800**	416
Operating lease payments	**2,237**	898
Auditor's remuneration		
— Audit service	**1,200**	1,030
— Non-audit service	**345**	100
Depreciation charge *(Note 12)*	**891**	214
Amortization charge *(Note 13)*	**2,487**	—
Legal and professional fees	**4,814**	568
Listing expenses	**—**	15,541
Other expenses	**8,836**	5,378
Total cost of sales and administrative expenses	**609,419**	364,983
Representing:		
Cost of sales	**579,608**	336,872
Administrative expenses	**29,811**	28,111
	609,419	364,983

Note:

With effect from 1 April 2018, loss allowance on contract assets, trade and other receivables will be separately disclosed as "impairment losses on financial assets" in the consolidated profit or loss.

7 EMPLOYEE BENEFIT EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Salaries, wages and other allowances	**38,179**	16,633
Pension costs — defined contribution plans	**983**	455
	39,162	17,088

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three (2018: four) directors, whose emolument is reflected in the analysis shown in note 30(a). The emoluments payable to the remaining two (2018: one) individuals during the year ended are as follows:

	2019	2018
	HK$'000	*HK$'000*
Basic salaries and bonuses	**2,553**	790
Pension costs — defined contribution plan	**36**	18
	2,589	808

The emoluments fell within the following band:

	2019 Number of individuals	2018 Number of individuals
Nil to HK$1,000,000	**—**	1
HK$1,000,001 — HK$1,500,000	**2**	—

8 FINANCE COSTS — NET

	2019	2018
	HK$'000	*HK$'000*
Interest income from bank deposits	**60**	97
Bank interest expense on bank borrowings	**(127)**	(160)
Unwinding of interests on contingent consideration payable	**(249)**	—
	(316)	(63)

9 INCOME TAX EXPENSE

During the year ended 31 March 2019, the Group was subject to Hong Kong profits tax and PRC enterprise income tax. Hong Kong profit tax has been provided for the rate of 8.25% for the first HK$2,000,000 estimated assessable profits and 16.5% for estimated assessable profit above HK$2,000,000 for the group entity qualified for the two-tiered profits tax rates regime introduced pursuant to the Inland Revenue (Amendment) (No. 7) Bill 2017. For group entities not qualifying for the two tiered profits tax rates regime, Hong Kong profits tax has been provided for a flat rate of 16.5%. PRC enterprise income tax has been provided for at the rate of 25% (2018: Nil) on the estimated assessable profits for the year. No overseas profit tax has been calculated as the Company and certain subsidiaries are incorporated in the Cayman Islands and the BVI respectively, and are exempted from tax (2018: Nil).

For the year ended 31 March 2018, Hong Kong profits tax was calculated at a single flat rate of 16.5% of the estimated assessable profits.

Income tax expense charged to the consolidated profit or loss represents:

	2019 ***HK$'000***	2018 *HK$'000*
Current tax:		
— Current year	**7,975**	4,574
— Under/(over)-provision for prior years	**43**	(23)
Deferred tax *(Note 22)*	**(942)**	—
Income tax expense	**7,076**	4,551

The tax 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	**37,394**	11,462
Tax calculated at the Hong Kong profits tax rate of 8.25% and 16.5% (2018: 16.5%)	**6,005**	1,891
Different taxation rate in other country	**(71)**	—
Expenses non-deductible for tax purpose	**82**	2,683
Recognition of previously unrecognized deferred tax assets	**64**	—
Tax loss not recognized	**953**	—
Under/(over)-provision in prior years	**43**	(23)
Income tax expense	**7,076**	4,551

10 DIVIDEND

A final dividend in respect of the year ended 31 March 2019 of HK$3.1 cents per share, totaling HK$6,200,000 is to be proposed at the upcoming annual general meetings. These consolidated financial statements do not affect this dividend payable.

	2019	2018
	HK$'000	*HK$'000*
Proposed final dividend of HK cents 3.1 (2018: HK cents 2.4) per ordinary share	**6,200**	4,800

11 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding less shares held under share award scheme during the financial year.

	2019	2018
Profit for the year attributable to owners of the Company *(HK$'000)*	**28,116**	6,911
Weighted average number of ordinary shares outstanding less shares held under share award scheme	**199,448,537**	161,917,808
Earnings per share *(expressed in HK cents)*	**14.10**	4.27

The weighted average number of ordinary shares in issue during the year ended 31 March 2018 used in the basic earnings per share calculation are determined on the assumption that 150,000,000 ordinary shares of US$0.001 each had been in issue since 1 April 2017.

Diluted earnings per share is equal to basic earnings per share as there was no dilutive potential shares.

12 PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment HK$'000	Leasehold improvements HK$'000	Vehicle HK$'000	Total HK$'000
At 1 April 2017				
Cost	245	—	—	245
Accumulated depreciation	(142)	—	—	(142)
Net book amount	103	—	—	103
Year ended 31 March 2018				
Opening net book amount	103	—	—	103
Additions	243	2,106	—	2,349
Depreciation charge *(Note 6)*	(82)	(132)	—	(214)
Closing net book amount	264	1,974	—	2,238
At 31 March 2018				
Cost	488	2,106	—	2,594
Accumulated depreciation	(224)	(132)	—	(356)
Net book amount	264	1,974	—	2,238
Year ended 31 March 2019				
Opening net book amount	**264**	**1,974**	**—**	**2,238**
Additions	**591**	**—**	**475**	**1,066**
Acquisition of subsidiaries	**134**	**240**	**—**	**374**
Depreciation charge *(Note 6)*	**(283)**	**(598)**	**(10)**	**(891)**
Exchange difference	**(4)**	**—**	**—**	**(4)**
Closing net book amount	**702**	**1,616**	**465**	**2,783**
At 31 March 2019				
Cost	**1,323**	**2,463**	**475**	**4,261**
Accumulated depreciation	**(621)**	**(847)**	**(10)**	**(1,478)**
Net book amount	**702**	**1,616**	**465**	**2,783**

Depreciation expenses of approximately HK$891,000 (2018: HK$214,000) have been charged to "administrative expenses" for the year ended 31 March 2019.

13 INTANGIBLE ASSETS

	Goodwill	Customer relationship and contracts	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 1 April 2018			
Cost	—	—	—
Accumulated amortization	—	—	—
Net book value	—	—	—
Year ended 31 March 2019			
Opening net book value	**—**	**—**	**—**
Acquisition of subsidiaries	**9,544**	**2,870**	**12,414**
Amortization charge *(Note 6)*	**—**	**(2,487)**	**(2,487)**
At 31 March 2019	**9,544**	**383**	**9,927**
As at 31 March 2019			
Cost	**9,544**	**2,870**	**12,414**
Accumulated amortization	**—**	**(2,487)**	**(2,487)**
Net book value	**9,544**	**383**	**9,927**

Amortization charge of approximately HK$2,487,000 (2018: Nil) have been charged to "administrative expenses" for the year ended 31 March 2019.

The Group's goodwill of approximately HK$6,470,000 and approximately HK$3,074,000 were arisen from the acquisitions of Core Group Holding Limited ("**Core Group**") and Siwu Architectural (Guangzhou) Limited ("**Siwu Guangzhou**") during the year respectively (Note 28). Management considers Core Group and Siwu Guangzhou as two separate cash generating units ("CGUs") and allocates goodwill resulting from the acquisitions accordingly.

13 INTANGIBLE ASSETS (Continued)

Management reviews annually whether the carrying amount of a CGU is higher than the recoverable amount which results in impairment of goodwill. The recoverable amount of a CGU is determined based on value in use calculation. The calculation use pre-tax cash flow projections based on financial budget approved by management covering a five-year period. Key assumptions used by management in the calculation includes pre-tax discount rates ranging from 19% to 23%, revenue growth rates ranging from 0% to 8% and gross profit margin ranging from 13% to 17% for the five-year forecast period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 3%.

Management determined the revenue growth rate and gross profit margin based on past performance of the CGUs and industry reference. The discount rates applied by the Group are rates that reflect current market assessment of the time value of money and risk specific to each CGU.

Management considered no impairment loss is necessary as at 31 March 2019.

Since the carrying amounts of the Group's CGUs are not sensitive to the changes in assumptions, no sensitivity analysis is disclosed.

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group classifies the debt investments that do not qualify for measurement at either amortized cost or fair value through other comprehensive income, at fair value through profit or loss (FVPL):

Financial assets mandatorily measured at FVPL include the following:

	2019	2018
	HK$'000	*HK$'000*
Non-current assets		
Unlisted debt investments	**7,831**	—

The Group's unlisted debt investments as at 31 March 2019 (2018: Nil) represented debt instruments in an unlisted fund with limited liability incorporated in Cayman Islands and were denominated in US$.

15 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	2019	2018
	HK$'000	*HK$'000*
Assets as per statement of financial position		
Loans and receivables:		
— Financial assets at FVPL *(Note 14)*	**7,831**	—
— Trade and retention receivables *(Note 16)*	**122,136**	67,076
— Amounts due from shareholders *(Note 27(b))*	**—**	383
— Deposits and other receivables *(Note 18)*	**10,904**	7,983
— Cash and cash equivalents *(Note 19)*	**106,009**	58,763
Total	**246,880**	134,205

	2019	2018
	HK$'000	*HK$'000*
Liabilities as per statement of financial position		
Other financial liabilities at amortized cost:		
— Trade payables *(Note 20)*	**203,641**	76,987
— Accruals and other payables *(Note 20)*	**6,638**	2,238
— Bank borrowing *(Note 21)*	**12,800**	—
Total	**223,079**	79,225

16 TRADE AND RETENTION RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**118,139**	44,705
Retention receivables	**6,191**	22,471
Trade and retention receivables	**124,330**	67,176
Less: Loss allowance *(Note 3.1 (b)(iii))*	**(2,194)**	(100)
Trade and retention receivables — net	**122,136**	67,076

The maximum exposure to credit risk as at 31 March 2019 and 2018 was the carrying value of each class of receivable mentioned above. The Group did not hold any collateral as security. The carrying amounts of trade and retention receivables approximated their fair values.

The trade and retention receivables were mainly denominated in HK$.

The credit terms granted to its customers were generally 30 days from the invoice date except for the amount relating to retention money which is payable after 1 year from the date of completion of the interior renovation works. As at 31 March 2019 and 2018, the ageing analysis of the trade receivables based on the invoice date is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**79,950**	12,398
31 to 60 days	**17,781**	2,230
61 to 90 days	**4,821**	9,388
91 to 180 days	**9,326**	5,188
Over 180 days	**6,261**	15,501
	118,139	44,705

16 TRADE AND RETENTION RECEIVABLES (Continued)

As at 31 March 2019 and 2018, the ageing analysis of the retention receivables based on the invoice date and contract are as follows:

	2019	2018
	HK$'000	*HK$'000*
To be invoiced/within 30 days	**1,245**	21,207
31 to 60 days	**—**	—
61 to 90 days	**—**	415
91 to 180 days	**—**	849
Over 180 days	**4,946**	—
	6,191	22,471

Movements on the Group's provision for impairment of trade and retention receivables are detailed in Note 3.1(b)(iii).

The creation and release of provision for impairment of trade and retention receivables has been included in the consolidated profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering the amount.

17 CONTRACT ASSETS AND LIABILITIES/AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	2019	2018
	HK$'000	*HK$'000*
Contracts assets/amounts due from customers for contract work *(Note i)*	**120,062**	50,814
Less: loss allowance *(Note 3.1(b)(iii))*	**(220)**	—
	119,842	50,814
Contract liabilities/amounts due to customers for contract work *(Note ii)*	**18,729**	525

17 CONTRACT ASSETS AND LIABILITIES/AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK (Continued)

Notes:

i) As at 31 March 2018, amounts due from customers for contract work recognized represented contract costs incurred plus recognized profits less foreseeable losses to date amounted to approximately HK$223,133,000, netted off with the progress billings received and receivable amounted to approximately HK$172,319,000.

As at 31 March 2019, contract assets related to construction services consist of unbilled amount resulting from construction when the cost-to-cost method of revenue recognized exceeds the amount billed to the customer.

ii) As at 31 March 2018, amounts due to customers for contract work recognized represented progress billings received and receivables amounted to approximately HK$702,000, netted off with the contract costs incurred plus attributable profits less foreseeable losses to date amounted to approximately HK$177,000.

As at 31 March 2019, contract liabilities recognized represented the progress billings received in excess of construction works performed and the advance payment made by customers.

a) Significant change in contract assets and liabilities

The increase in contract assets was due to the increase in bare shell fit-out projects on-going or to be billed as at the reporting date for the year ended 31 March 2019 compared to the year ended 31 March 2018. In addition, the increase was also contributed by the acquisitions of subsidiaries (Note 28) during the year.

The increase in contract liabilities was due to the acquisition of a subsidiary in Hong Kong (Note 28(a)).

b) Revenue recognized in relation to contract liabilities

Revenue recognized that was included in the contract liability balance at the beginning of the year amounted to approximately HK$525,000. There was no revenue recognized from performance obligations satisfied in previous years during the year ended 31 March 2019.

c) Unsatisfied contracts as at 31 March 2019

Aggregate amount of the transaction price allocated to service contracts that are partially or fully unsatisfied as at 31 March 2019 amounted to approximately HK$163,544,000.

18 DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	2019	2018
	HK$'000	*HK$'000*
Deposits	6,403	3,390
Deposit for acquisition of a subsidiary	—	1,218
Advance to a sub-contractor	2,714	3,000
Other receivables	1,787	375
Financial assets *(Note 15)*	10,904	7,983
Prepayments	2,141	1,972
Prepaid incentives	—	2,175
	13,045	12,130
Less: non-current portion of deposits and prepayments	(1,400)	(2,272)
Current portion	11,645	9,858

As at 31 March 2019, there was no deposit (2018: HK$1,130,000) in relation to the guarantees of surety bonds in respect of construction contract (2018: 1) of the Group in its ordinary course of business (Note 26).

The carrying amounts of the Group's deposits, other receivables and prepayments approximated their fair values.

The deposits, other receivables and prepayments were denominated in the following currencies:

	2019	2018
	HK$'000	*HK$'000*
HK$	11,012	10,912
Renminbi	2,033	1,218
Total	13,045	12,130

19 CASH AND CASH EQUIVALENTS

	2019 HK$'000	2018 HK$'000
Cash at bank and on hand		
— Cash at call	105,883	58,716
— Cash on hand	126	47
Cash and cash equivalents	106,009	58,763
Maximum exposure to credit risk	105,883	58,716

The cash and cash equivalent were denominated in the following currencies:

	2019 HK$'000	2018 HK$'000
HK$	103,855	58,763
Renminbi	2,154	—
Total	106,009	58,763

20 TRADE AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Trade payables	203,641	76,987
Consideration payable for acquisition of a subsidiary	4,008	—
Other accruals and payables	2,630	2,238
Accruals and other payables	6,638	2,238
	210,279	79,225

20 TRADE AND OTHER PAYABLES (Continued)

As at 31 March, the aging analysis of the trade payable based on invoice date was as follows:

	2019	2018
	HK$'000	*HK$'000*
To be invoiced/within 30 days	**151,250**	37,866
31 to 60 days	**6,060**	9,407
61 to 90 days	**9,682**	8,248
91 to 180 days	**18,299**	5,724
Over 180 days	**18,350**	15,742
	203,641	76,987

The carrying amounts of trade and other payables were denominated in the following currencies:

	2019	2018
	HK$'000	*HK$'000*
HK$	**200,454**	79,225
Renminbi	**9,825**	—
	210,279	79,225

21 BANK BORROWING

	2019	2018
	HK$'000	*HK$'000*
Bank borrowing — unsecured	**12,800**	—

The effective interest rate per annum at reporting date were 3.2% per annum and repayable within one year (2018: Nil). As at 31 March 2019, the carrying amount of bank borrowing approximated its fair value and was denominated in HK$.

22 DEFERRED INCOME TAX

Deferred income tax is calculated in full on temporary differences under the liability method using the tax rate enacted or substantively enacted by the statement of financial position date.

Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes related to the same fiscal authority.

	2019	2018
	HK$'000	*HK$'000*
Deferred tax assets	**515**	—
Deferred tax liabilities	**(66)**	—
Deferred tax assets (net)	**449**	—

The net movements in the deferred income tax account are as follows:

	2019	2018
	HK$'000	*HK$'000*
As at 1 April	**—**	—
Acquisition of subsidiaries	**(493)**	—
Credited to the consolidated profit and loss *(Note 9)*	**942**	—
Deferred tax assets (net)	**449**	—

The movements in deferred income tax assets and liabilities (prior to offsetting of balance within the same tax jurisdiction) during the year are as follows:

Deferred income tax assets

	Provisions		**Tax losses**		**Total**	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
At 1 April	**—**	—	**—**	—	**—**	—
Credited to consolidated profit or loss	**(398)**	—	**(240)**	—	**(638)**	—
At 31 March	**(398)**	—	**(240)**	—	**(638)**	—

22 DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities

	Accelerated tax depreciation and amortization		Intangible assets		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
At 1 April	**—**	—	**—**	—	**—**	—
Acquisition of subsidiaries	**—**	—	**493**	—	**493**	—
Charged/(credited) to consolidated profit or loss	**123**	—	**(427)**	—	**(304)**	—
At 31 March	**123**	—	**66**	—	**189**	—

Deferred income tax assets are recognized for deductible temporary differences to the extent that the realization of the related tax benefit through future profits is probable.

As at 31 March 2019, the Group did not recognize deferred income tax assets of HK$953,000 (2018: Nil) in respect of losses approximately HK$5,773,000 (2018: Nil) that can carry forward indefinitely future taxable income.

23 SHARE CAPITAL AND SHARES HELD UNDER SHARE AWARD SCHEME

a) Share capital

Authorized share capital

	Number of Ordinary share	Nominal value of ordinary share *HK$'000*
As at 31 March 2017	50,000	390
Subdivision of ordinary shares to US$0.001 each *(Note i)*	49,950,000	—
Increase in authorized share capital *(Note i)*	4,950,000,000	38,610
As at 31 March 2018 and 31 March 2019	5,000,000,000	39,000

23 SHARE CAPITAL AND SHARES HELD UNDER SHARE AWARD SCHEME (Continued)

a) Share capital (Continued)

Issued and fully paid

	Number of Ordinary share	Nominal value of ordinary share
		HK$'000
As at 31 March 2017	50,000	390
Subdivision of ordinary shares to US$0.001 each *(Note i)*	49,950,000	—
Issuance of shares pursuant to capitalization	100,000,000	775
Issue of ordinary shares in connection with the Listing of HK$1.56 each	50,000,000	388
As at 31 March 2018 and 31 March 2019	200,000,000	1,553

Note:

(i) On 8 December 2017, pursuant to the written resolutions passed by the shareholders of the Company, the issued ordinary shares were sub-divided from 50,000 shares of US$1.0 each to 50,000,000 shares of US$0.001 each and the authorized share capital of the Company increased from 50,000,000 shares of US$0.001 each to 5,000,000,000 shares of US$0.001 each.

b) Share award scheme

On 16 October 2018, the Board approved the adoption of a share award scheme (the "Share Award Scheme") with the objective to provide eligible persons with additional incentive to encourage and retain them to work with the company. Core Trust Company Limited (the "Trustee") was designated to be the trustee under the deed of trust executed on 19 November 2018.

Pursuant to the rules relating to the Share Award Scheme ("Scheme Rules"), shares are comprised of the Trustee out of cash arranged to be paid by the Company out of the Company's funds to the Trustee and be held on trust for the relevant eligible grantees until such shares are vested with the relevant eligible grantees in accordance with the Scheme Rules ("Restricted Shares"). The Board implements the Share Award Scheme in accordance with the terms of the Scheme Rules including providing necessary funds to the Trustee to purchase or subscribe for shares up to 8% of the issued share capital of the Company from time to time.

23 SHARE CAPITAL AND SHARES HELD UNDER SHARE AWARD SCHEME (Continued)

b) Share award scheme (Continued)

Pursuant to the Scheme Rules, the Board may, from time to time, at their absolute discretion select the eligible grantees after taking into account various factors as they deem appropriate for participation in the Share Award Scheme as a grantee and determines the number of Shares to be awarded. The Board shall cause to pay the Trustee the purchase price and the related expenses from the Company's resources for the shares to be purchased by the Trustee.

The Trustee shall hold such Shares on trust for the eligible grantees until they are vested. When the relevant eligible grantee has satisfied all vesting conditions specified by the Board at the time of making the award and become entitled to the Restricted Shares, the Trustee shall transfer the relevant Shares to that grantee.

During the year ended 31 March 2019, no shares have been awarded to employees.

	2019	2018	**2019**	2018
	Shares	*Shares*	***HK$'000***	*HK$'000*
Shares held under share award scheme	**2,056,000**	—	**2,998**	—

	Number of shares	*HK$'000*
Opening balance as at 1 April 2017, 31 March 2018 and 1 April 2018	—	—
Acquisition of shares by the Trustee	2,056,000	2,998
Balance as at 31 March 2019	2,056,000	2,998

24 CASH FLOW INFORMATION

(a) Cash generated from/(used in) operations

	Note	2019 *HK$'000*	2018 *HK$'000*
Cash flows from operating activities			
Profit before income tax		**37,394**	11,462
Adjustments for:			
Depreciation charge	6	**891**	214
Amortization charge	6	**2,487**	—
Impairment losses on financial assets		**3,326**	—
Provision for doubtful debts	6	**—**	350
Finance costs — net	8	**316**	63
Operating profit before working capital changes:		**44,414**	12,089
Trade and retention receivables		**(48,684)**	2,514
Deposits, other receivables and prepayments		**1,183**	(6,422)
Amounts due to directors		**—**	(12,806)
Contract assets		**(55,630)**	—
Amounts due from customers for contract work		**—**	(40,794)
Amounts due from shareholders		**383**	(3)
Trade payables		**106,409**	29,441
Accruals and other payables		**(9,863)**	(3,094)
Amounts due to customers for contract work		**—**	(2,125)
Contract liabilities		**13,561**	—
Cash generated from/(used in) operations		**51,773**	(21,200)

(b) Reconciliation of financing activities

	Bank borrowing *HK$'000*
As at 1 April 2017, 31 March 2018 and 1 April 2018	**—**
Cash flow	**12,800**
As at 31 March 2019	**12,800**

25 COMMITMENTS

(a) Capital commitments

Significant capital expenditure contracted for at the end of the year but not recognized as liabilities is as follows:

	2019 HK$'000	2018 HK$'000
Acquisitions of subsidiaries	—	11,240

(b) Non-cancellable operating leases

The Group leases an office and equipment which are non-cancellable with lease terms ranged from 1 and 5 years. The lease expenses charged to the profit or loss during the year are disclosed in Note 6.

The future aggregate minimum lease rental expenses in respect of an office and equipment under non-cancellable operating leases are as follows:

	2019 HK$'000	2018 HK$'000
No later than 1 year	3,271	715
Later than 1 year and no later than 5 years	2,302	106
	5,573	821

26 CONTINGENT LIABILITIES

The Group had the following contingent liabilities not provided for in the consolidated financial statements:

	2019 HK$'000	2018 HK$'000
Surety bonds	8,809	4,978

As at 31 March 2019, the Group provided guarantees of surety bonds in respect of 3 (2018: 3) construction contracts of the Group in its ordinary course of business. As at 31 March 2019, there was no deposit (2018: HK$1,130,000) in relation to the guarantee of the surety bonds in respect of construction contract (2018: 1) has been included in "deposits, other receivables and prepayments" in the consolidated financial statements (Note 18). The surety bonds are expected to be released in accordance with the terms of the respective construction contracts.

27 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 holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

(a) Key management compensation

Key management includes executive of the Group. The compensation paid or payable to key management for employee services is shown below:

	2019	2018
	HK$'000	*HK$'000*
Salaries, wages and other allowances	**6,205**	6,746
Retirement benefit costs		
— Mandatory Provident Fund Scheme	**57**	72
	6,262	6,818

(b) Year-end balances

The Group has the following balances with the related parties which are non-trade nature:

	2019	2018
	HK$'000	*HK$'000*
The Group and the Company		
Amounts due from shareholders		
— J&J Partner Investment Group Limited	**—**	97
— Madison Square	**—**	286
	—	383

The above balances with related parties were unsecured, interest-free and repayable on demand. The carrying amounts of these balances approximated their fair values and were denominated in HK$ except for the amount due from J&J Partner Investment Group Limited and Madison Square which were denominated in United States dollar ("US$").

28 BUSINESS COMBINATIONS

(a) Acquisition of the Core Group Holding Limited

On 12 April 2018, the Group acquired 60% equity interests in Core Group, the subsidiary of which is a service provider of interior design and interior fit-out solutions for commercial premises in Hong Kong, at a consideration of approximately HK$9,771,000. The acquisition is expected to increase the Group's market share.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	HK$'000
Purchase consideration	
— Cash paid	6,012
— Contingent consideration (i)	3,759
Total purchase consideration	9,771

The assets and liabilities recognized as a result of the acquisition are as follows:

	Fair value HK$'000
Property, plant and equipment	283
Intangible assets	2,647
Trade and retention receivables	6,783
Deposits, other receivables and prepayments	2,568
Contract assets	10,053
Cash and cash equivalents	11,691
Trade payables	(15,345)
Accruals and other payables	(7,042)
Contract liabilities	(3,987)
Current income tax liabilities	(1,713)
Deferred tax liabilities	(437)
Net identifiable assets acquired	5,501
Less: non-controlling interests	(2,200)
Add: goodwill	6,470
	9,771

28 BUSINESS COMBINATIONS (Continued)

(a) Acquisition of the Core Group Holding Limited (Continued)

The goodwill is attributable to Core Group's strong position and profitability in interior design market and synergies expected to arise after the Group's acquisition of the subsidiary. None of the goodwill is expected to be deductible for tax purposes.

(i) Contingent consideration

The contingent consideration arrangement requires the Group to pay the former owner of the Core Group 40% of the total consideration amounted to approximately HK$3,759,000 in March 2019. The payment is contingent on the result of the operating subsidiary of the Core Group for the year ended 31 December 2018. The fair value of such consideration is estimated calculating the present value of future expected cash flow.

(ii) Revenue and result contribution

The acquisition of Core Group contributed revenue of approximately HK$179,057,000 and profit of approximately HK$8,145,000 since the date of acquisition to 31 March 2019. Revenue and profit of Core Group from 1 April 2018 to 12 April 2018 were not significant.

(iii) Acquisition related cost

Acquisition-related cost were not significant and have been included in administrative expenses in the profit or loss and in operating cash flow in the statement of cash flows.

(iv) Purchase consideration — net cash inflow

	2019 ***HK$'000***	2018 *HK$'000*
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	**(6,012)**	—
Less: cash acquired	**11,691**	—
Net inflow of cash — investing activities	**5,679**	—

28 BUSINESS COMBINATIONS (Continued)

(b) Acquisition of the Siwu Architectural (Guangzhou) Limited

On 8 May 2018, the Group acquired 65% equity interests in Siwu Guangzhou, a service provider of interior design and interior fit-out solutions for commercial premises in the PRC, for consideration of approximately RMB2,401,000 (approximately HK$2,958,000). The acquisition is expected to increase the Group's market share.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	HK$'000
Purchase consideration	
Cash paid	**2,958**

The assets and liabilities recognized as a result of the acquisition are as follows:

	Fair value *HK$'000*
Property, plant and equipment	**91**
Intangible assets	**223**
Trade and retention receivables	**3,113**
Contract assets	**3,768**
Cash and cash equivalents	**1,010**
Trade payables	**(5,182)**
Accruals and other payables	**(3,206)**
Contract liabilities	**(680)**
Inventories	**741**
Deferred tax liabilities	**(56)**
Net identifiable assets acquired	**(178)**
Add: non-controlling interests	**62**
Add: goodwill	**3,074**
	2,958

The goodwill is attributable to Siwu Guangzhou's strong position and profitability in interior design market and synergies expected to arise after the Group's acquisition of the subsidiary. None of the goodwill is expected to be deductible for tax purposes.

28 BUSINESS COMBINATIONS (Continued)

(b) Acquisition of the Siwu Architectural (Guangzhou) Limited (Continued)

(i) Revenue and result contribution

The contribution of revenue and result from the acquisition of Siwu Guangzhou is not significant to the Group for the year ended 31 March 2019.

(ii) Acquisition related cost

Acquisition-related cost was not significant and have been included in administrative expenses in the profit or loss and in operating cash flow in the statement of cash flows.

(iii) Purchase consideration — net cash outflow

	2019	2018
	HK$'000	*HK$'000*
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	2,958	—
Less: cash acquired	(1,010)	—
Less: prepaid in prior year	(1,218)	—
Net outflow of cash — investing activities	730	—

29 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Interests in a subsidiary and a controlled structured entity	(b), (c)	**38,064**	35,064
Financial asset at fair value through profit or loss	14	**7,831**	—
		45,895	35,064
Current assets			
Deposits, other receivables and prepayments		**655**	175
Amounts due from shareholders		**—**	383
Amounts due from subsidiaries		**9,800**	2,199
Cash and cash equivalents		**46,308**	51,188
		56,763	53,945
Total assets		**102,658**	89,009
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**1,553**	1,553
Share premium	(d)	**63,832**	68,632
Other reserve	(d)	**34,986**	34,986
Accumulated losses	(d)	**(17,303)**	(16,330)
Total equity		**83,068**	88,841
LIABILITIES			
Current liabilities			
Accruals		**326**	100
Amounts due to subsidiaries		**19,264**	68
Total liabilities		**19,590**	168
Total equity and liabilities		**102,658**	89,009

29 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Subsidiaries

The Group's subsidiaries as at 31 March 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

Name of the entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital and debt securities	Ownership interest held by the Group 2019 %	Ownership interest held by the Group 2018 %
1017 Company Limited	BVI, limited liability company	Investment holding	10,000 ordinary shares of US$10,000	100	100
Sanbase Interior	Hong Kong, limited liability company	Interior fit-out solutions provider	10,000 ordinary shares of HK$10,000	100	100
Sanbase Contracting (Hospitality) Limited	Hong Kong, limited liability company	Dormant	10,000 ordinary shares of HK$10,000	100	100
Sanbase Contracting (Engineering) Limited	Hong Kong, limited liability company	Interior fit-out solutions provider	10,000 ordinary shares of HK$10,000	100	100
SICL Contracting (Macau) Limited	Macau, limited liability company	Dormant	1,000,000 ordinary shares of MOP1,000,000	100	100
Sanbase Financial Holding Limited	BVI, limited liability company	Dormant	10,000 ordinary shares of US$10,000	100	100
Sanbase China Holding Limited	Hong Kong, limited liability company	Investment holding	10,000 ordinary shares of HK$10,000	100	100
Core Group Holding Limited	BVI, limited liability company	Investment holding	50,000 ordinary shares of US$50,000	60	—
Studio 5 International Limited	Hong Kong, limited liability company	Design, interior fit-out solution provider	10,000 ordinary shares of HK$10,000	60	—
Siwu Architectural (Guangzhou) Limited	People's Republic of China, limited liability company	Design, interior fit-out solution provider	10,000,000 ordinary shares of RMB10,000,000	65	—
Sanbase Cobow Group Limited	BVI, limited liability company	Dormant	10,000 ordinary shares of US$10,000	51	—

29 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(c) Controlled structured entity

The Company controls one structured entity which operates in Hong Kong, particular of which is as follows:

Structured entity	Principal activities
Sanbase Management Limited	Purchase, administers and holds the Company's shares for share award scheme

The Group has the power to direct the relevant activities of Sanbase Management Limited and it has ability to use its power over the entities to effect its exposure to returns. Therefore, it is considered as controlled structured entity of the Group.

(d) Reserve movements of the Company

	Share premium HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 31 March 2017	—	—	—	—
Issuance of share pursuant to a group Reorganization *(Note)*	—	34,986	—	34,986
Share issued under share offer	77,612	—	—	77,612
Issuance of shares pursuant to capitalization	(775)	—	—	(775)
Listing expenses charged to share premium	(8,205)	—	—	(8,205)
Loss for the year	—	—	(16,330)	(16,330)
As at 31 March 2018	68,632	34,986	(16,330)	87,288
Loss for the year	**—**	**—**	**(973)**	**(973)**
Final dividend paid for the year ended 31 March 2018	**(4,800)**	**—**	**—**	**(4,800)**
As at 31 March 2019	**63,832**	**34,986**	**(17,303)**	**81,515**

Note:

Other reserve of the Company represented the difference between the consideration payable of HK$10,000 and the carrying value of the Company's subsidiary of approximately HK$34,996,000 acquired during the Reorganization.

30 BENEFITS AND INTEREST OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director for the year ended 31 March 2019 is set out below:

	Fee	Salaries	Discretionary bonus	Other emoluments paid	Employer's contribution to pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Chairman and the Chief Executive Officer						
Mr. Wong Sai Chuen	240	1,980	463	—	18	2,701
Executive directors						
Mr. Wong Kin Kei	240	1,560	375	—	18	2,193
Ms. Hui Man Yee, Maggie *(Note 1)*	240	1,380	338	—	18	1,976
Non-executive director						
Mr. Cheung Ting Pong *(Note 1)*	240	109	—	—	3	352
Independent non-executive directors						
Mr. Fan Chun Wah *(Note 2)*	240	—	—	—	—	240
Mr. Wu Kam On *(Note 2)*	240	—	—	—	—	240
Mr. Pang Chung Fai *(Note 2)*	240	—	—	—	—	240
	1,680	5,029	1,176	—	57	7,942

30 BENEFITS AND INTEREST OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

The remuneration of every director for the year ended 31 March 2018 is set out below:

	Fee	Salaries	Discretionary bonus	Other emoluments paid	Employer's contribution to pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Chairman and the Chief Executive Officer						
Mr. Wong Sai Chuen	—	1,376	174	521	18	2,089
Executive directors						
Mr. Wong Kin Kei	—	1,273	174	521	18	1,986
Ms. Hui Man Yee, Maggie *(Note 1)*	—	1,125	165	495	18	1,803
Non-executive director						
Mr. Cheung Ting Pong *(Note 1)*	—	1,309	1,150	450	18	2,927
Independent non-executive directors						
Mr. Fan Chun Wah *(Note 2)*	58	—	—	—	—	58
Mr. Wu Kam On *(Note 2)*	58	—	—	—	—	58
Mr. Pang Chung Fai *(Note 2)*	58	—	—	—	—	58
	174	5,083	1,663	1,987	72	8,979

Note 1: Ms. Hui Man Yee, Maggie and Mr. Cheung Ting Pong were appointed as the executive directors of the Company on 6 July 2017. Mr. Cheung Ting Pong was re-designated as a non-executive director with effect from 8 May 2018.

Note 2: Mr. Fan Chun Wah, Andrew *J.P.*, Mr. Wu Kam On, Keith and Mr. Pang Chung Fai, Benny were appointed as the independent non-executive directors of the Company on 8 December 2017.

(b) Directors' retirement benefits and termination benefits

Saved as disclosed in Note 30(a), the directors did not receive any retirement benefits or termination benefits during the financial year (2018: Nil).

30 BENEFITS AND INTEREST OF DIRECTORS (Continued)

(c) Consideration provided to third parties for making available directors' services

During the year ended 31 March 2019, the Company does not pay consideration to any third parties for making available directors' services (2018: Nil).

(d) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and controlled entities with such directors

Saved as disclosed in Note 27(b), as at 31 March 2019, there are no loans, quasi-loans and other dealing arrangements in favor of directors, controlled bodies corporate by and controlled entities with such directors (2018: Nil).

(e) Director's material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the financial year (2018: Nil).

Results

	Year ended 31 March 2019 HK$'000	Year ended 31 March 2018 HK$'000	Year ended 31 March 2017 HK$'000	Year ended 31 March 2016 HK$'000
Revenue	**650,455**	376,208	280,670	231,124
Profit before income tax	**37,394**	11,462	28,898	22,280
Income tax expenses	**(7,076)**	(4,551)	(4,798)	(3,676)
Profit attributable to the owners of the Company for the year	**28,116**	6,911	24,100	18,604
Total comprehensive income attributable to the owners of the Company for the year	**28,070**	6,911	24,100	18,604

Assets and Liabilities

	Year ended 31 March 2019 HK$'000	Year ended 31 March 2018 HK$'000	Year ended 31 March 2017 HK$'000	Year ended 31 March 2016 HK$'000
Total assets	**382,088**	191,595	103,698	86,715
Total liabilities	**245,284**	79,750	68,549	54,656
Net assets	**136,804**	111,845	35,149	32,059
Equity attributable to the owners of the Company for the year	**131,858**	111,845	35,149	32,059