SANBASE CORPORATION LIMITED
莊皇集團公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8501)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

The board (the "**Board**") of directors (the "**Directors**") of Sanbase Corporation Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2018. This announcement, containing the full text of the 2018 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") in relation to information to accompany preliminary announcement of annual results.

By order of the Board of
Sanbase Corporation Limited
Wong Sai Chuen
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 25 June 2018

As at the date of this announcement, the Board comprises Mr. Wong Sai Chuen (chairman and chief executive officer), Mr. Wong Kin Kei (chief operating officer) and Ms. Hui Man Yee Maggie being executive Directors; Mr. Cheung Ting Pong being the non-executive Director; and Mr. Fan Chun Wah Andrew, Mr. Wu Kam On Keith and Mr. Pang Chung Fai Benny being the independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 announcement 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 announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its publication. This announcement will also be published on the Company's website at www.sanbase.com.hk.

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

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

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

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*This report, for which the directors (the "**Directors**") of 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
Mr. Cheung Ting Pong
(re-designated from executive Director to non-executive Director on 8 May 2018)

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
Mr. Wu Kam On, Keith
Mr. Pang Chung Fai, Benny

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPLIANCE OFFICER

Mr. Wong Sai Chuen

COMPANY SECRETARY

Ms. Li Tsz Man (FCPA)

AUTHORISED 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:
Wilson Sonsini Goodrich & Rosati
Suite 1509, 15/F
Jardine House
1 Connaught Place
Central
Hong Kong

COMPLIANCE ADVISER

TC Capital International Limited
Suite 1903–4, 19/F
Tower 6, The Gateway, Harbour City
9 Canton Road, Tsim Sha Tsui
Kowloon
Hong Kong

PRINCIPAL BANK

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 March 31, 2018 (the "**Year**").

Since our establishment in 2009, the Group has committed to providing tailored one-stop fit-out solutions, including bare shell fit-out, restacking, reinstatement, maintenance and churn work services, to clients whose offices are predominately situated in Grade A offices in Hong Kong, as well as meeting their changing fit-out needs. Through our well-recognized operational philosophy and management model, we were honored to have participated in over 230 fit-out projects during the last decade, serving various prominent financial institutions, insurance companies and multi-national companies. In 2016, by virtue of our in-depth understanding of our clients, together with our team's excellent execution and management capabilities, we became the largest fit-out solutions provider for Grade A offices in Hong Kong; and in 2018, we achieved new heights through our successful listing on the GEM of the Stock Exchange. The successful listing represents an important milestone for the Group, as it has not only raised the Group's brand recognition and provided competitive edge for our tender submissions, but also enhanced our financial position and expanded our servicing team, enabling us to undertake more and larger projects.

Despite enjoying such success, we do not intend to slow down. With the corporate values of "Strive for Betterment", Sanbase Corporation has continued to stride forward, and within several months after listing, we were able to secure two projects, the contract sum of each was over HK$20 million, as well as completing acquisitions in Hong Kong and China, respectively. These achievements allowed us to further strengthen our leading position in the interior fit-out market in Hong Kong, while extending our business footprint to the previously untapped China market. As the Guangdong-Hong Kong-Macau Greater Bay Area, an area with a GDP of over RMB10 trillion, continues its rapid development, its economic advancement, along with the needs of financial, legal, and other professional services, will bring ample opportunities to high-end office interior fit-out services in the region. To capture such market opportunities, we will leverage the market position of our new acquisition in China, and we aim to solidify our regional presence by providing one-stop, premium services including design, project coordination, implementation and quality control to our clients.

Looking into the future, the Group will actively synergize the relationships with our existing clients, partners and human resources in both Hong Kong and China, and will treat the Greater Bay Area as the starting point for introducing high-quality fit-out services into China. We would also look into the possibility of cooperating with larger-scale clients. By providing one-stop fit-out solutions catering to their changing development needs, we hope to go hand-in-hand with our clients and thus, further establish ourselves in other areas in China.

Regarding the local market, with our growing market recognition, track record and execution capabilities, along with favourable demand-side policies such as "Moving out of Central" and "Green Office", we remain confident in the Group's future business development. We will maintain our focus in the Hong Kong market, and will strive to increase our market share with a particular emphasis on Grade A offices. We will also continue to actively explore suitable acquisitions, partnerships, and investment opportunities, in order to further solidify the Group's leading market position and to add further impetus to our business.

I wish to take this opportunity to thank all of our employees, partners, stakeholders and Shareholders for your continuous contribution to the Group's business development. With your unequivocal support, 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 to our Shareholders.

Chairman of the Board
WONG Sai Chuen

Hong Kong, 25 June 2018

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. 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 undertaken with respect to 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; and (iv) maintenance and churn work which involve providing minor repairs and general builder's maintenance work to the tenant's office facilities, pest control and emergency call service.

During the year ended 31 March 2018, the Group achieved an increase in revenue of approximately 34.0% to approximately HK$376.2 million from approximately HK$280.7 million for the year ended 31 March 2017. The growth was mainly driven by the large increase in number of projects from 103 in 2017 to 152 in 2018 and several large scale projects being granted during the year. In line with the increase in revenue, the Group's gross profit increased to approximately HK$39.3 million for the year ended 31 March 2018 from the approximately HK$36.0 million for the year ended 31 March 2017, representing an increase of approximately 9.3%.

The Group's profit for the year attributable to owners of the Company (excluding listing expenses charged to profit or loss approximately HK$15.5 million) decreased of approximately 6.8% to approximately HK$22.5 million for the year ended 31 March 2018 from approximately HK$24.1 million for the year ended 31 March 2017. The decrease in profit for the year attributable to owners of the Company was mainly due to higher sub-contracting cost related to the complicated work required to be carried out.

FINANCIAL REVIEW

Revenue

The Group's revenue is principally generated from (i) bare shell fit-out; (ii) restacking; (iii) reinstatement; (iv) maintenance and (v) churn work. During the year ended 31 March 2018, the Group's revenue increased by approximately 34.0% to approximately HK$376.2 million (2017: HK$280.7 million).

The following table sets forth a breakdown of the Group's revenue by project types for the year ended 31 March 2018 and 2017:

	The year ended 31 March			
	2018		2017	
	HK$'000	*%*	*HK$'000*	*%*
Project type				
Bare shell fit-out	**305,978**	**81.3**	215,822	76.9
Restacking	**37,064**	**9.9**	26,505	9.4
Reinstatement	**19,903**	**5.3**	22,270	7.9
Maintenance	**2,842**	**0.7**	1,781	0.7
Churn work	**10,421**	**2.8**	14,292	5.1
Total	**376,208**	**100.0**	280,670	100.0

As shown in above table, our bare shell fit-out projects contributed to approximately 81.3% and 76.9% of the Group's total revenue for the year ended 31 March 2018 and 2017 respectively. Revenue from bare shell fit-out projects increased to approximately HK$306.0 million for the year ended 31 March 2018 from approximately HK$215.8 million for the year ended 31 March 2017, representing an increase of approximately 41.8%. The increase in revenue from bare shell fit-out projects was mainly driven by the increase in number of fit-out projects from 36 in 2017 to 44 in 2018 and several large-scale projects with large contract sum being granted in 2018.

From 1 April 2018 and up to the date of this report, we were newly awarded a total of 4 bare shell fit-out projects with a total project sum of approximately HK$13.0 million.

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$244.7 million for the year ended 31 March 2017 to HK$336.9 million for the year ended 31 March 2018 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 2018 and 2017:

	The year ended 31 March			
	2018		2017	
	HK$'000	***%***	*HK$'000*	*%*
Project type				
Bare shell fit-out	**36,868**	**12.0**	31,100	14.4
Restacking	**7,678**	**20.7**	7,946	30.0
Reinstatement	**2,309**	**11.6**	1,009	4.5
Maintenance	**602**	**21.2**	648	36.4
Churn work	**2,038**	**19.6**	7,842	54.9
Total	**49,495**	**13.2**	48,545	17.3

The Group's overall direct margin increased to approximately HK$49.5 million for the year ended 31 March 2018 from approximately HK$48.5 million for the year ended 31 March 2017, mainly due to the increase of project sum in 2018. The decrease in direct margin for bare shell fit-out and restacking projects was mainly driven by the higher sub-contracting cost incurred due to the complicated work required for the projects during the year ended 31 March 2018.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK$28.1 million and approximately HK$7.1 million for the year ended 31 March 2018 and 2017 respectively. Listing expenses charged to profit or loss of approximately HK$15.5 million was included in the year ended 31 March 2018 (2017: Nil). Excluding the amount of listing expenses, an increase of approximately 77.4% was primarily due to additional expenses incurred for the future development of the Group, such as staff cost and legal and professional fees during the year ended 31 March 2018.

Income Tax Expense

Income tax of the Group for the year ended 31 March 2018 was approximately HK$4.6 million (2017: HK$4.8 million). Listing expenses incurred during the year ended 31 March 2018 were not deductible for tax purpose.

Profit for the Year Attributable to Owners of the Company

Profit of the Group decreased to approximately HK$6.9 million for the year ended 31 March 2018 from approximately HK$24.1 million for the year ended 31 March 2017, mainly due to the listing expenses incurred during the year ended 31 March 2018.

Dividend

The Board recommended the payment of final dividend for the year ended 31 March 2018 at HK$2.4 cents per share (2017: Nil). During the year ended 31 March 2018, 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 2018, the Group financed its operation by its internal resources and granted bank facility. As at 31 March 2018, the Group had net current assets of approximately HK$107.3 million (2017: HK$35.0 million), including cash and cash equivalents balances of approximately HK$58.8 million (2017: HK$19.8 million) mainly denominated in Hong Kong dollars. As at 31 March 2018, the Group had an unutilized bank facility of HK$17.2 million (2017: Nil). The granted bank facility was secured by personal guarantee of Controlling Shareholder, Mr. Wong Sai Chuen, our chairman, chief executive officer and executive Director. The personal guarantee provided by Mr. Wong was released following to the listing (the "**Listing**") of the Group on 4 January 2018 (the "**Listing Date**") and the Group provided corporate guarantee as security.

The current ratio, being the ratio of current assets to current liabilities, was approximately 2.3 times as at 31 March 2018 (31 March 2017: 1.5 times). The increase was mainly due to the increase of amount due from contract work for the large-scale projects in progress as well as significant bank balance from the Listing proceeds. As at 31 March 2018, the Group had no interest-bearing bank and other borrowings. Accordingly, no gearing ratio is presented (2017: Nil).

The shares of the Company (the "**Shares**") were listed on GEM of the Stock Exchange on 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 2018. The equity attributable to owners of the Company amounted to approximately HK$111.8 million as at 31 March 2018 (2017: HK$35.1 million).

The Group does not have any exposure to fluctuations in exchange rates and any 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 2018, the Group did not have any charges of its assets (2017: Nil).

CAPITAL COMMITMENTS

As at 31 March 2018, the Group had capital commitment in relation to acquisition of subsidiaries of approximately HK$11.2 million (2017: Nil).

The details of the capital commitments of the Group are set out in not 21 to the consolidated financial statements.

HUMAN RESOURCES MANAGEMENT

As at 31 March 2018, the Group had a total of 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.

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

The Group did not have any significant investments, material acquisitions, and disposals of subsidiaries and affiliated companies during the year ended 31 March 2018.

CONTINGENT LIABILITIES

As at 31 March 2018 and 31 March 2017, the Group provided guarantees of surety bonds of approximately HK$5.0 million and HK$2.2 million in respect of 3 (2017: 1) 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 up to 31 March 2018 as stated in the Prospectus	Actual business progress up to 31 March 2018
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 a restacking and reinstatement project with a contract sum of approximately HK$26 million and a bare shell fit-out project with a contract sum of approximately HK$23.7 million as disclosed in the announcement dated at 21 February 2018 and 12 March 2018, respectively.

	Business objectives up to 31 March 2018 as stated in the Prospectus	Actual business progress up to 31 March 2018
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 eleven employees in their capacity as project manager, site manager, site supervisor, project coordinator, surveying officer and safety supervisor.
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;	On 26 March 2018, the Group entered into a sales and purchase agreement to acquire a target company in Hong Kong and Guangzhou, respectively, for the purpose of strengthening the Group market share in Hong Kong and expanding the Group's footprint in China. *(Note)*

Note:

The acquisition was completed in April 2018 and May 2018, respectively, subsequent to the financial year ended 31 March 2018.

USE OF PROCEEDS

The Shares were listed on the Stock Exchange on the Listing Dates, being 4 January 2018. The net proceeds from the listing of the shares of the Company in connection with the Listing was approximately HK$56.9 million. During the period from the Listing Date to 31 March 2018, the net proceeds from the Listing were applied as follows:

	Planned use of proceeds as stated in the Prospectus *(HK$' million)*	Actual use of proceeds up to 31 March 2018 *(HK$' million)*
For project execution and start-up costs for our projects	HK$34.1 million	HK$23.8 million
For recruiting high caliber and experienced managers and supervisors for the expansion of our project teams and renting additional office space	HK$11.4 million	HK$0.5 million
For revamping our project management and execution system	HK$4.0 million	HK$0.2 million
For implementation of ERP system	HK$1.7 million	HK$0.8 million
For additional working capital and other general corporate purposes	HK$5.7 million	HK$1.1 million

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

Please refer to the section headed "Statement of Business Objectives and Use of Proceeds" in the Prospectus for more details of the Company's intended use of the net proceeds from the Global Offering.

The Directors will constantly evaluate the Group's business strategies and objectives and where appropriate will change or modify the plans against the changing market condition to suit the business growth of the Group.

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 2018.

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. 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 25 to the consolidated financial statements.

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 summarised 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, 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, we have provided competitive remuneration packages to our employees to recognise 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.

GROUP REORGANIZATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 March 2017.

The Company completed the corporate reorganization (the "**Reorganization**") on 22 May 2017 in preparation for the Listing, pursuant to which the Company became the holding company of the companies now comprising the Group.

Details of the Reorganization are set out in the section headed "History, Development and Reorganization – Corporate Development" in the Prospectus. The Shares were listed on the Stock Exchange on 4 January 2018 by way of Global Offering.

MANAGEMENT CONTRACTS

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

RESULTS AND DIVIDEND

The financial results of the Group for the year ended 31 March 2018 and the financial positions of the Company and the Group as at 31 March 2018 are set forth in the audited consolidated financial statements on page 50 to 99 of this annual report.

The Board recommended the payment of a final dividend for the year ended 31 March 2018 at HK$2.4 cents per share (2017: Nil), 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 Thursday, 25 October 2018. 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 Thursday, 4 October 2018, being the record date for determination of entitlement to the final dividend.

ANNUAL GENERAL MEETING

The AGM will be held on 21 September 2018 and the notice of AGM is expected to be published and despatched to the Shareholders on or around 29 June 2018.

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 Tuesday, 18 September 2018 to Friday, 21 September 2018, 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on Monday, 17 September 2018. For determining the entitlement to the proposed final dividend, the transfer books and register of members of the Company will be closed from Tuesday, 2 October 2018 to Thursday, 4 October 2018, 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on Friday, 28 September 2018.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last three financial years is set out on page 100 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 2018 are set out in the consolidated statement of changes in equity.

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

BANK LOANS AND OTHER BORROWINGS

As at 31 March 2018, the Group had no interest-bearing bank and other borrowings (2017: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year ended 31 March 2018 are set out in note 12 to the consolidated financial statements in this annual report.

DIRECTORS

The Directors during the year ended 31 March 2018 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
Mr. Cheung Ting Pong
(re-designated from executive Director as a non-executive Director on 8 May 2018)

Non-executive Director

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

Independent non-executive Directors

Mr. Fan Chun Wah, Andrew
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 38 to 43 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 2018 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 43.6% and sales to the Group's largest customer amounted to approximately 15.7% of the total revenue for the year ended 31 March 2018, respectively. Purchases from the Group's five largest suppliers accounted for approximately 28.8% and purchases from the Group's largest supplier amounted to approximately 10.4% of the total purchases for the year ended 31 March 2018.

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 2018.

DONATIONS

During the Year, charitable and other donations made by the Group amounted to less than HK$0.1 million (2017: less than HK$0.1 million).

SHARES ISSUED IN THE YEAR

Details of the shares issued for the year ended 31 March 2018 are set out in note 19 to the consolidated financial statements.

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

None of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2018.

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 2018.

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 at 31 March 2018 or at any time during the year ended 31 March 2018.

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 2018.

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 2018, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

(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 % 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%

Note:

(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 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 2018, none of the Directors or chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

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

As at 31 March 2018, 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 1)*	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 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, as at 31 March 2018, the Directors are not aware of any person who had an interest or short position in the shares and the underlying shares of the Company which would require 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 required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

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

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

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

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 have been granted under the Share Option Scheme since its adoption and up to the date of this annual report.

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.

INTERESTS IN COMPETING BUSINESS

For the year ended 31 March 2018, 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 — Non-competition Undertaking" in the Prospectus.

The Covenantors declared that they have complied with the Non-competition Deed for the year ended 31 March 2018. The independent non-executive Directors have conducted such review for the year ended 31 March 2018 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 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, Mr. Wu Kam On, Keith and Mr. Pang Chung Fai, Benny for a term of three years 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 2018, 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 (2017: Nil). None of the Directors waived any emoluments during the year ended 31 March 2018.

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 26 and note 7 to the consolidated financial statements, respectively.

INTERESTS OF COMPLIANCE ADVISER

As notified by the Company's compliance adviser, TC Capital International Limited (the "**Compliance Adviser**"), save for the Compliance Adviser's agreement entered into between the Company and the Compliance Adviser dated 6 July 2017, neither the Compliance Adviser nor its 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 2018.

CONNECTED TRANSACTIONS

During the year ended 31 March 2018, there were no connected transactions or continuing connected transactions of the Company under Chapter 20 of the 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 23 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

On 23 March 2018, the Group entered into a sale and purchase agreement to acquire 60% and 65% equity interests in a target Company in Hong Kong and PRC, respectively. The acquisition was completed in April 2018 and May 2018, respectively. Details of the event after reporting date are set out in note 24 to the consolidated financial statements.

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 26 to 37 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 latest practicable date prior to the issue 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 2018. 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 2018 have been audited by PricewaterhouseCoopers. A resolution will be proposed at the forthcoming annual general meeting 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 2018.

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 and the Company. 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 maximising 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**").

As the Listing only took place on 4 January 2018 (the "**Listing Date**"), the CG Code only applies to the Company from the Listing to the date of this report. From the Listing Date up to 31 March 2018 (the "**Period**"), the Company has complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules 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 since the Listing up to 31 March 2018, 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, 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 2018 and up to the date of this report is as follows:

Executive Directors

Mr. Wong Sai Chuen	(Chairman and Chief Executive Officer) (appointed on 24 March 2017)
Mr. Wong Kin Kei	(Chief Operating Officer) (appointed on 24 March 2017)
Ms. Hui Man Yee, Maggie	(appointed on 6 July 2017)
Mr. Cheung Ting Pong	(appointed on 6 July 2017) (re-designated from executive Director to non-executive Director on 8 May 2018)

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	(appointed on 8 December 2017)
Mr. Wu Kam On, Keith	(appointed on 8 December 2017)
Mr. Pang Chung Fai, Benny	(appointed on 8 December 2017)

Since the Listing, 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, 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

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wong 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 annual general meeting (the "**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, all Board members have received a directors' training hosted by the legal advisor 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 advisor prior to the Listing
Executive Directors	
Mr. Wong Sai Chuen	Attended
Mr. Wong Kin Kei	Attended
Ms. Hui Man Yee, Maggie	Attended
Mr. Cheung Ting Pong (re-designated from executive Directors to non-executive Director on 8 May 2018)	Attended
Independent Non-Executive Directors	
Mr. Fan Chun Wah, Andrew	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 are set out below:

	Attendance/ Number of Board meeting entitled to attend
Executive Directors	
Mr. Wong Sai Chuen	3/3
Mr. Wong Kin Kei	3/3
Ms. Hui Man Yee, Maggie	3/3
Mr. Cheung Ting Pong (re-designated from executive Director to non-executive Director on 8 May 2018)	3/3
Non-executive Directors	
Mr. Cheung Ting Pong (re-designated from executive Director to non-executive Director on 8 May 2018)	3/3
Independent Non-Executive Directors	
Mr. Fan Chun Wah, Andrew	3/3
Mr. Wu Kam On, Keith	3/3
Mr. Pang Chung Fai, Benny	3/3

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.

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, 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 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 Period. A meeting of Remuneration Committee was held on 3 May 2018 to review composition of the Board and recommend to the Board on the remuneration package of non-execution 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 2018 is set out below:

Remuneration band *(HK$)*	**Number of individual**
Nil to 1,000,000	4
1,500,001–2,000,000	2
2,000,001–2,500,000	1
2,500,001–3,000,000	1

The amount of remuneration includes the amortisation 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 (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.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the diversity on the Board, the integrity, experience, skills and professional knowledge of the candidate and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

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.

The Nomination Committee did not hold any meeting during the Year as the Company was listed on 4 January 2018. Nomination Committee meeting(s) will be held in the forth coming financial year. In assessing the Board composition, the Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objective implementing the Board diversity policy. The attendance records of each Committee member in the above meeting are set out in section A6 above.

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, 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.

One Audit Committee meeting was held during the Year. 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)*	1/1
Mr. Fan Chun Wah, Andrew	1/1
Mr. Pang Chung Fai, Benny	1/1

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 2018.

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 2018.

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 2018, 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 is appointed as the Company secretary 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 2018.

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 2018 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 2018 are analyzed below:

Type of services provided by the external auditor	Fees paid/ payable *(HK$'000)*
Audit services	1,000
Non-audit services	130
TOTAL:	1,130

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 chairmen 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.

Since the Listing, 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.

Mr. WONG Sai Chuen (王世存), aged 43, is the chairman, chief executive officer and an executive Director of the Company. He found 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 has over eight 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.

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 41, 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 has over 15 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 41, is an executive Director of the Company. She joined the Group in April 2015 and was appointed as a 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.

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.

Mr. CHEUNG Ting Pong (張霆邦), aged 38, was appointed as an executive Director in July 2017. He was re-designated as a non-executive Director 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 39, 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 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

Name of listed companies	Stock Exchange on which the shares are listed (stock code)	Period	Position
Chuang's China Investments Limited	The Stock Exchange (298)	January 2013 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
LT Commercial Real Estate Limited	The Stock Exchange (112)	March 2013 to December 2016	independent non-executive director
Milan Station Holdings Limited	The Stock Exchange (1150)	March 2013 to July 2015	independent non-executive director
On Real International Holdings Limited	The Stock Exchange (8245)	September 2015 to August 2016	independent non-executive director

Mr. Fan Chun Wah, Andrew 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 C.W. Fan & Co. Limited.

He was also a committee member of the tenth and eleventh 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 43, 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 21 years of financial and accounting experience.

Mr. Wu is currently an executive director and the group chief operation officer 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 November 2014; and (ii) Hao Bai International (Cayman) Limited, a company listed on the GEM of the Stock Exchange (stock code: 8431), since 26 May 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 an associate of The Hong Kong Institute of Chartered Secretaries in April 2010. He has also been a fellow of the Taxation Institute of Hong Kong since July 2010 and an elected associate of The Institute of Chartered Secretaries and Administrations in the United Kingdom since April 2010.

Mr. PANG Chung Fai, Benny (彭中輝), aged 45, 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 was an independent non-executive director of Huabang Financial Holdings Limited (previously known as Goldenmars Technology Holdings Limited), the shares of which are listed on the Stock Exchange (stock code: 3638), from June 2012 to January 2017, and was re-designated as an executive director and vice chairman since January 2017. Mr. Pang has also been an independent non-executive director of Yuanda China Holdings Limited (stock code: 2789), a company listed on the main board of the Stock Exchange, since April 2011. Mr. Pang was the independent non-executive director of China Regenerative Medicine International Limited (formerly known as China Bio-Med Regeneration Technology Limited) (Stock code: 8158), a company listed on the GEM of the Stock Exchange, from September 2012 to May 2018.

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 2014, 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 35, 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.

To the Shareholders of Sanbase Corporation Limited
(incorporated in 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 50 to 99, which comprise:

- the consolidated statement of financial position as at 31 March 2018;
- 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 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

We 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:

- Recognition of contract revenue
- Impairment assessment of trade receivables

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of contract revenue	
Refer to note 2.19, 2.20, 4 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 2018 of approximately HK$363.0 million using the percentage of completion method. Revenue is recognised according to the stage of completion of individual contracts, calculated based on the proportion of total costs at the date of statement of financial position to the estimated total costs of the relevant contract, on the basis that the total costs of projects, and therefore the stage of completion, can be measured reliably. We focused on this area as significant management judgement is involved to estimate the costs to complete individual service contract for projects in progress in order to determine the stage of completion as at the year end date and recognise contract revenue accordingly.	Our procedures in relation to management's recognition of contract revenue included the evaluation of the appropriateness of the estimates for which management has adopted to measure the total costs of projects and the stage of contract completion. We tested the ongoing contracts as at year end date on a sample basis selected based on both quantitative and qualitative factors. Our audit procedures specifically focused on: • Reviewing the terms and conditions of the selected contracts to facilitate our understanding of the respective work nature and contractual relationship with the customers; • Checking the correspondences with selected customers, including project acceptance documents or communication evidence to evaluate the reasonableness of management's estimates on the budgeted total contract sum; • Testing the total costs incurred up to the date of statement of financial position by vouching, on a sample basis, sub-contractors' invoices and/or quotation; • Assessing management's determination of the stage of completion of the selected projects through inquiry with project managers, inspection of project status summary and other correspondences with customers and performing site visits; and • Testing mathematical accuracy of the calculations of contract revenue and costs.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
	We found management's judgement used to estimate total costs of projects and stage of completion as at year end to be supported by available evidence.
Impairment assessment of trade receivables	
Refer to note 2.11, 2.12, 4 and 14 to the consolidated financial statements The Group had gross trade receivables of approximately HK$32.2 million that were past due as at 31 March 2018, of which approximately HK$0.1 million were impaired and provided for as at year end. Management has performed impairment assessment of the trade receivables based on information including ageing of the receivables, past payment history, subsequent settlement status, credit profile of the customers and on-going trading relationship with the relevant customers. Based on this assessment, management has concluded that the trade receivables of approximately HK$32.1 million past due as at 31 March 2018 were not impaired. We focused on this area due to the size of the trade receivables past due as at 31 March 2018 and the significant management judgement use to evaluate the recoverability of such balances.	Our procedures in relation to management's impairment assessment of the trade receivables past due as at 31 March 2018 included evaluation of management's assessment in relation to the recoverability of the past due trade receivables. Our audit procedures focused on the following: • Understanding the key controls that the Group has implemented to manage customers' credit profile and monitor their credit risk; • Understanding the status of each of the material trade receivables past due as at year end, the Group's on-going business relationship with the relevant customers and past payment history of the customers through discussion with management and reviewing relevant supporting documents; • Checking, on a sample basis, the ageing profile of the trade receivables as at 31 March 2018 to the underlying financial records; • Reviewing bank receipts for settlements subsequent to year end date; and • Corroborating explanations from management with supporting evidence, such as correspondence with customers, customers' interviews and public search of the customers' profiles as we evaluated management's judgements. We found that management's judgement used to evaluate the recoverability of the trade receivables past due as at year end to be 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 scepticism throughout the audit. We also:

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

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

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

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

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

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

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, 25 June 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	5	**376,208**	280,670
Cost of sales	6	**(336,872)**	(244,687)
Gross profit		**39,336**	35,983
Gain on disposal of a financial asset through profit or loss		**300**	—
Administrative expenses	6	**(28,111)**	(7,085)
Operating profit		**11,525**	28,898
Finance costs — net	8	**(63)**	—
Profit before income tax		**11,462**	28,898
Income tax expense	9	**(4,551)**	(4,798)
Profit and total comprehensive income for the year attributable to owners of the Company		**6,911**	24,100
Basic and diluted earnings per share attributable to the owners of the Company (expressed in HK cents)	11	**4.27**	16.07

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

	Notes	2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	**2,238**	103
Non-current deposits and prepayments	16	**2,272**	—
		4,510	103
Current assets			
Trade and retention receivables	14	**67,076**	69,940
Amounts due from shareholders	23(b)	**383**	390
Amounts due from customers for contract work	15	**50,814**	10,020
Deposits, other receivables and prepayments	16	**9,858**	3,436
Tax recoverables		**191**	—
Cash and cash equivalents	17	**58,763**	19,809
		187,085	103,595
Total assets		**191,595**	103,698
EQUITY			
Equity attributable to the owners of the Company			
Share capital	19	**1,553**	390
Share premium		**68,632**	—
Other reserve		**—**	10
Retained earnings		**41,660**	34,749
Total equity		**111,845**	35,149
LIABILITIES			
Current liabilities			
Trade payables	18	**76,987**	47,546
Accruals and other payables	18	**2,238**	5,332
Amounts due to customers for contract work	15	**525**	2,650
Amounts due to directors	23(b)	**—**	12,806
Current income tax liabilities		**—**	215
Total liabilities		**79,750**	68,549
Total equity and liabilities		**191,595**	103,698

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

The financial statements on pages 50 to 99 were approved by the Board of Directors on 25 June 2018 and were signed on behalf.

Wong Sai Chuen
Director

Wong Kin Kei
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Share capital HK$'000 (Note 19)	Share premium HK$'000	Other reserve HK$'000 (Note)	Retained earnings HK$'000	Total HK$'000
Balance at 1 April 2016	—	—	10	32,049	32,059
Profit and total comprehensive income for the year	—	—	—	24,100	24,100
Transactions with owners in their capacity as owners					
Issue of ordinary shares by Company to its shareholders	390	—	—	—	390
Dividend *(Note 10)*	—	—	—	(21,400)	(21,400)
Balance as 31 March 2017	390	—	10	34,749	35,149
Profit and total comprehensive income for the year	—	—	—	6,911	6,911
Transactions with owners in their capacity as owners					
Effect of Reorganization *(Note 1.2(iii))*	—	—	(10)	—	(10)
Shares issued under share offer *(Note 1.2(vii))*	388	77,612	—	—	78,000
Issuance of shares upon capitalization *(Note 1.2(vi))*	775	(775)	—	—	—
Listing expenses charged to share premium *(Note 1.2(vii))*	—	(8,205)	—	—	(8,205)
Balance as 31 March 2018	1,553	68,632	—	41,660	111,845

Note:

As at 31 March 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.

	Notes	2018 HK$'000	2017 HK$'000
Cash flows from operating activities			
Cash (used in)/generated from operations	20(a)	**(21,200)**	18,482
Interest received		**97**	—
Income tax paid		**(4,957)**	(9,686)
Net cash (outflow)/inflow from operating activities		**(26,060)**	8,796
Cash flows from investing activities			
Purchases of plant and equipment	12	**(2,349)**	(57)
Prepayment for an intangible asset		**(1,054)**	—
Deposit for acquisition of a subsidiary	16	**(1,218)**	—
Net cash outflow from investing activities		**(4,621)**	(57)
Cash flows from financing activities			
Dividend paid		**—**	(6,400)
Interest paid		**(160)**	—
Proceeds from allotment of ordinary shares, net of professional fees		**75,092**	—
Payment for listing expenses charged to share premium		**(5,297)**	—
Proceeds from bank borrowings		**11,300**	—
Repayment of bank borrowings		**(11,300)**	—
Net cash inflow/(outflow) financing activities		**69,635**	(6,400)
Net increase in cash and cash equivalents		**38,954**	2,339
Cash and cash equivalents at beginning of the year		**19,809**	17,470
Cash and cash equivalents at end of the year	17	**58,763**	19,809

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

1 GENERAL INFORMATION AND REORGANIZATION

1.1 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 (the "Listing Business") in Hong Kong. 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 (the "Listing Date") (the "Listing").

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

1.2 Reorganization

Prior to the incorporation of the Company and the completion of the Reorganization as described below, the Listing Business was primarily operated by Sanbase Interior Contracting Limited ("Sanbase Interior"), a company controlled by the Controlling Shareholders while certain related business activities were carried out under a company incorporated in Hong Kong and wholly owned by the Controlling Shareholder, prior to 31 March 2016. Sanbase Interior assumed all these activities from such company with effect from 1 April 2016.

1 GENERAL INFORMATION AND REORGANIZATION (Continued)

1.2 Reorganization (Continued)

Pursuant to the reorganization (the “Reorganization”), Sanbase Interior was transferred to the Group. The Reorganization involved the followings:

(i) On 23 March 2017, 1017 Company Limited (the “BVI Company”) was incorporated in the British Virgin Islands (the “BVI”) and 10,000 ordinary shares were issued and allotted to the Company on 24 March 2017.

(ii) On 24 March 2017, the Company was incorporated in the Cayman Islands as an exempted company with limited liability. On the same day, 1 ordinary share was transferred from the initial subscriber to Madison Square, a company wholly owned by Mr. Wong. In addition, 37,499 and 12,500 ordinary shares were issued and allotted to Madison Square and J&J Partner Investment Group Limited, which is a company wholly owned by Mr. Wong Kin Kei, a director of the Company, respectively on the same day. The issued ordinary shares of Company are 50,000 ordinary shares of US$1 each as at 24 March 2017.

(iii) On 22 May 2017, the BVI Company acquired the total issued share capital of Sanbase Interior from its then shareholders for an aggregate consideration of HK$10,000, since then Sanbase Interior has become a wholly owned subsidiary of the Group.

(iv) On 22 May 2017, the Company completed the Reorganization.

(v) 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 authorised 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.

(vi) On 8 December 2017, pursuant to the written resolutions passed by the shareholders of the Company, conditional further to the result of the global offering, the directors were authorized to capitalize an amount of US$100,000 standing to the credit of the share premium account of the Company and to appropriate such amount as to capital to pay up in full 100,000,000 ordinary shares of US$0.001 each for allotment and issue to the persons whose names appear on the register of members of the Company immediately before the completion of the global offering in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in the Company, each ranking pari passu in all respects with the then existing issued shares, and the Directors were authorized to give effect to such capitalization and distributions and the capitalization issue was approved.

1 GENERAL INFORMATION AND REORGANIZATION (Continued)

1.2 Reorganization (Continued)

(vii) In connection with the Listing, 50,000,000 shares of US$0.001 each were issued at the offer price of HK$1.56 to public investors with gross proceeds of approximately HK$78,000,000. Total Listing expenses amounted to approximately HK$21,188,000, of which approximately HK$15,541,000 (Note 6) was expensed off to the profit or loss during the year ended 31 March 2018, the remaining of approximately HK$5,297,000 was charged to equity. The listing expenses to the extent of approximately HK$2,908,000 was paid out of the gross proceeds of the Listing. Accordingly, the net proceeds of the Listing amounted to approximately HK$75,092,000.

After the completion of the Reorganization, the Company became the holding company of the companies now comprising the Group.

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 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.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their financial statements period commencing 1 April 2017:

- Recognition of deferred tax assets for unrealised losses — Amendments to HKAS 12, and

- Disclosure initiative — Amendments to HKAS 7.

The adoption of these amendments did not have any impact on the amounts recognised in prior periods. Most of the amendments will also not affect the current or future periods.

The amendments to HKAS 7 require disclosure of changes in liabilities arising from financing activities, see Note 20(c).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(iv) New standards amendments and interpretations not yet adopted

Certain new accounting standards amendments and interpretations have been published that are not mandatory for 31 March 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below:

		Effective for annual periods beginning on or after
Amendments to HKFRS 1	First time adoption of HKFRS	1 April 2018
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions	1 April 2018
Amendments to HKFRS 4	Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts	1 April 2018
HKFRS 9	Financial instruments	1 April 2018
HKFRS 15	Revenue from contracts with customers	1 April 2018
Amendment to HKFRS 15	Clarification to HKFRS15	1 April 2018
Amendments to HKAS 28	Investments in associates and joint ventures	1 April 2018
Amendments to HKAS 40	Transfers of investment property	1 April 2018
HK(IFRIC) 22	Foreign currency transactions and advance consideration	1 April 2018
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
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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

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

HKFRS 9 "Financial instruments"

Nature of change

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Impact

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 April 2018:

- Debt instruments currently measured at amortised cost which meet the conditions for classification at amortised cost under HKFRS 9.

Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial instruments: Recognition and measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessment undertaken to date, the Group does not expect material change to the loss allowance for trade debtors.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

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

HKFRS 9 "Financial instruments" (Continued)

Date of adoption by Group

Must be applied for financial years commencing on or after 1 April 2018. The Group will apply the new rules retrospectively from 1 April 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

HKFRS 15 "Revenue from contracts with customers"

Nature of change

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact

The directors of Company anticipate that the application HKFRS 15 in the future may result in more disclosures, however the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

The application of HKFRS 15 may further result in the identification of separate performance obligations in relation to future contracts which could affect the timing of the recognition of revenue going forward.

Date of adoption by Group

Mandatory for financial years commencing on or after 1 April 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 April 2018 and that comparatives will not be restated.

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 recognised on the consolidated statement of financial position, 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 recognised. 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. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$821,000. The Group estimates that approximately HK$655,000 of these relate to payments for short-term and low value leases which will be recognised on a straight-line basis as an expense in profit or loss.

However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

Date of adoption by Group

Mandatory for financial years commencing on or after 1 April 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

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 Principles of consolidation

(i) 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.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. 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 profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

2.3 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 a subsidiary 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 subsidiary.

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 recognises 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.

Acquisition-related costs are expensed as incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Business combinations (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest 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 recognised directly in profit or loss as a bargain purchase.

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 recognised 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 recognised in profit or loss.

2.4 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.

2.5 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)

2.6 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 recognised in profit or loss.

(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 recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 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 recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the reporting period in which they are incurred.

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
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 2.8).

2.8 Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Investments and other financial assets

(i) Classification

The Group classifies its financial assets into loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines 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 comprise of "trade and retention receivables", "amounts due from shareholders", "deposits and other receivables" and "cash and cash equivalents".

(ii) Recognition and derecognition

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

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.10 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 recognised amounts and there is an intention to settle on a net basis or realise 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)

2.11 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.

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 recognised 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 recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2.12 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 recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Share capital

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.

2.15 Trade and other payables

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

2.16 Current and deferred income tax

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

Current income tax

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

Deferred income tax

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Current and deferred income tax (Continued)

Deferred income tax (Continued)

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

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

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

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

2.17 Employee benefits

(a) Employee leave entitlements

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(c) Provision for bonus plans

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

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

Provisions are measured at the present value of the 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 recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Construction contracts

A construction contract is defined by HKAS 11, “Construction contracts”, as a contract specifically negotiated for the construction of an asset.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the percentage of completion method to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

On the consolidated statements of financial position, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the provision of interior fit-out solutions services, stated net of discounts. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the provision of interior fit-out solutions is recognised based on the stage of completion of the contracts as detailed in Note 2.19, except for the revenue from churn work and maintenance where the revenue was recognised when service were rendered, provided that the stage of contract completion and the contract costs of the contracting work can be measured reliably.

2.21 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.

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised 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 risk: credit risk and liquidity risk. Most of the income and expenditures of the Group are denominated in HK$, and the directors considered that the Group does not have material foreign exchange exposure. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) *Credit risk*

The Group is exposed to credit risk in relation to its cash and cash equivalents, trade and retention receivables, other receivables and deposits and amounts due from shareholders. The Group's maximum exposure to credit risk is the carrying amounts of these financial assets.

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.

The credit quality of debtors is assessed based on their financial positions, past payment history and other factors. The Group has policies in place to ensure credit terms are granted to reliable debtors. The Group's historical experience in collection of receivables falls within recorded allowances and the directors are of the opinion that adequate provision for uncollectible receivable has been made.

(b) *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.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Liquidity risk (Continued)

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.

	2018	2017
	HK$'000	*HK$'000*
On demand or less than 1 year		
Trade payables *(Note 18)*	**76,987**	47,546
Accruals and other payables *(Note 18)*	**2,238**	5,332
Amounts due to directors *(Note 23(b))*	**—**	12,806
	79,225	65,684

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.

Total capital of the Group is calculated as total equity less total borrowings, if any. Management considers that the Group's capital risk is minimal as there was no borrowings as at 31 March 2018 and 2017.

3.3 Fair value estimation

The carrying amounts of the Group's financial assets and liabilities, including cash and cash equivalents, trade and retention receivables, other receivables and deposits, amounts due from shareholders, trade and other payables and amounts due to directors approximated their fair values, due to their short-term maturities.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Offsetting financial assets and financial liabilities

The following table presents the recognised financial instruments that are offset as at 31 March 2018. There was no offsetting financial instruments as at 31 March 2017.

	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*
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 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 recognised in each year.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.1 Critical accounting estimates (Continued)

(b) Impairment of financial assets

The Group's management determines the provision for impairment of financial assets based on an assessment of the recoverability of the financial assets. The amount is based on the credit history of its customers and other debtors and the current market condition, and requires the use of judgements and estimates. Management reassesses the provision at each reporting date.

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 2018 and 2017. 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 Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating and geographical segment information is presented.

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

	2018	2017
	HK$'000	*HK$'000*
Bare shell fit-out	**305,978**	215,822
Restacking	**37,064**	26,505
Reinstatement	**19,903**	22,270
Maintenance	**2,842**	1,781
Churn work	**10,421**	14,292
	376,208	280,670

The Group's five largest customers accounted for approximately 44% (2017: 55%) of the Group's total revenue for the year ended 31 March 2018.

For the year ended 31 March 2018, revenue of approximately HK$59,039,000 (2017: HK$65,372,000) was generated from 1 (2017: 1) major customer, which accounts for 10% or more of the Group's revenue.

6 EXPENSES BY NATURE

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

	2018	2017
	HK$'000	*HK$'000*
Subcontracting charges	**314,372**	221,889
Employee benefit expense *(Note 7)*	**17,088**	17,019
Cleaning expenses	**6,707**	4,477
Provision for doubtful debts *(Note 14)*	**350**	106
Insurance expenses	**2,321**	2,178
Security expenses	**416**	1,227
Operating lease payments	**898**	717
Auditor's remuneration	**1,130**	350
Depreciation charge *(Note 12)*	**214**	37
Legal and professional fees	**568**	141
Listing expenses	**15,541**	—
Other expenses	**5,378**	3,631
Total cost of sales and administrative expenses	**364,983**	251,772
Representing:		
Cost of sales	**336,872**	244,687
Administrative expenses	**28,111**	7,085
	364,983	251,772

7 EMPLOYEE BENEFIT EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Salaries, wages and other allowances	**16,633**	16,660
Pension costs — defined contribution plans	**455**	359
	17,088	17,019

7 EMPLOYEE BENEFIT EXPENSE (Continued)

(a) Pensions — Defined contribution plans

The Group maintains one defined contribution pension scheme for its employees in Hong Kong under the Mandatory Provident Fund ("MPF Scheme"). The assets of this scheme are held separately from those of the Group under independently administered funds.

Under the MPF Scheme, the Group and its employees make monthly contributions to the scheme at 5% of the employee's relevant income, as defined in the Hong Kong Mandatory Provident Fund Scheme Ordinance. Both the Group's and the employee's contributions are subject to a cap of HK$1,500 per month. The contributions are fully and immediately vested for the employees.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included four (2017: three) directors, whose emolument is reflected in the analysis shown in note 26(a). The emoluments payable to the remaining one (2017: two) individuals during the year ended are as follows:

	2018 ***HK$'000***	2017 *HK$'000*
Basic salaries and bonuses	**790**	1,838
Pension costs — defined contribution plan	**18**	36
	808	1,874

The emoluments fell within the following band:

	2018 **Number of individuals**	2017 Number of individuals
Nil to HK$1,000,000	**1**	1
HK$1,000,001 — HK$1,500,000	**—**	1

8 FINANCE COSTS — NET

	2018 HK$'000	2017 HK$'000
Interest income from bank deposits	97	—
Bank interest expense on bank borrowings	(160)	—
	(63)	—

9 INCOME TAX EXPENSE

Hong Kong profits tax has been provided for at the rate of 16.5% (2017: 16.5%) 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 (2017: Nil).

Income tax expense charged to the consolidated statement of comprehensive income represents:

	2018 HK$'000	2017 HK$'000
Current tax:		
— Hong Kong profits tax	4,574	4,768
— (Over)/under-provision for prior years	(23)	30
Income tax expense	4,551	4,798

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:

	2018 HK$'000	2017 HK$'000
Profit before income tax	11,462	28,898
Tax calculated at the Hong Kong profits tax rate of 16.5%	1,891	4,768
Expenses non-deductible for tax purpose	2,683	—
(Over)/under-provision in prior years	(23)	30
Income tax expense	4,551	4,798

10 DIVIDEND

A final dividend in respect of the year ended 31 March 2018 of HK$2.4 cents per share, totaling HK$4,800,000 is to be proposed at the upcoming annual general meetings. These consolidated financial statements do not affect this dividend payable.

Dividends during the year end 31 March 2017 represented dividends declared by the companies now comprising the Group to the then equity holders of the companies for the year ended 31 March 2017. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

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 during the financial year.

	2018	2017
Profit for the year attributable to the owners of the Company *(HK$'000)*	**6,911**	24,100
Weighted average number of ordinary shares for the purpose of basic and diluted earning per share	**161,917,808**	150,000,000
Earning per share *(expressed in HK cents)*	**4.27**	16.07

The weighted average number of ordinary shares in issue during the year ended 31 March 2018 and 2017 used in the basic earnings per share calculation are determined on the assumption that 150,000,000 ordinary shares of US$0.001 each as detailed in Notes 1.2(v) and 1.2(vi) had been in issue since 1 April 2016.

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*	Total *HK$'000*
At 1 April 2016			
Cost	188	—	188
Accumulated depreciation	(105)	—	(105)
Net book amount	83	—	83
Year ended 31 March 2017			
Opening net book amount	83	—	83
Additions	57	—	57
Depreciation charge *(Note 6)*	(37)	—	(37)
Closing net book amount	103	—	103
At 31 March 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**

Depreciation expenses of approximately HK$214,000 (2017: HK$37,000) have been charged to "administrative expenses" for the year ended 31 March 2018.

13 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	2018 *HK$'000*	2017 *HK$'000*
Assets as per statement of financial position		
Loans and receivables:		
— Trade and retention receivables *(Note 14)*	**67,076**	69,940
— Amounts due from shareholders *(Note 23(b))*	**383**	390
— Deposits and other receivables *(Note 16)*	**7,983**	3,387
— Cash and cash equivalents *(Note 17)*	**58,763**	19,809
Total	**134,205**	93,526

	2018 *HK$'000*	2017 *HK$'000*
Liabilities as per statement of financial position		
Other financial liabilities at amortized cost:		
— Trade payables *(Note 18)*	**76,987**	47,546
— Accruals and other payables *(Note 18)*	**2,238**	5,332
— Amounts due to directors *(Note 23(b))*	**—**	12,806
Total	**79,225**	65,684

14 TRADE AND RETENTION RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	44,705	55,920
Less: Provision for doubtful debts	(100)	(1,583)
Trade receivables — net	44,605	54,337
Retention receivables	22,471	15,631
Less: Provision for doubtful debts	—	(28)
Retention receivables — net	22,471	15,603
Trade and retention receivables — net	67,076	69,940

The maximum exposure to credit risk as at 31 March 2018 and 2017 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 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 2018 and 2017, the ageing analysis of the trade receivables based on the invoice date is as follows:

	2018 HK$'000	2017 HK$'000
Within 30 days	12,398	41,588
31 to 60 days	2,230	3,630
61 to 90 days	9,388	5,984
91 to 180 days	5,188	1,239
Over 180 days	15,501	3,479
	44,705	55,920

14 TRADE AND RETENTION RECEIVABLES (Continued)

As at 31 March 2018 and 2017, the ageing analysis of the retention receivables based on the invoice date and contract are as follows:

	2018 *HK$'000*	2017 *HK$'000*
To be invoiced/within 30 days	**21,207**	14,385
31 to 60 days	**—**	—
61 to 90 days	**415**	—
91 to 180 days	**849**	410
Over 180 days	**—**	836
	22,471	15,631

As at 31 March 2018, trade and retention receivables of HK$33,472,000 (2017: HK$13,967,000), were past due but not impaired. These balances relate to independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these trade and retention receivables is as follows:

	2018 *HK$'000*	2017 *HK$'000*
Within 30 days	**2,230**	3,630
31 to 60 days	**9,804**	5,984
61 to 90 days	**5,453**	911
91 to 180 days	**629**	1,936
Over 180 days	**15,356**	1,506
	33,472	13,967

14 TRADE AND RETENTION RECEIVABLES (Continued)

As at 31 March 2018, trade and retention receivables of approximately HK$100,000 (2017: HK$1,611,000), were impaired. The individual impaired receivables are mainly related to customers which are in unexpectedly difficult economic situations or no longer have business relationship with the Group. The amount of provision was approximately HK$100,000 as of 31 March 2018 (2017: HK$1,611,000). The impairment was firstly assessed individually for significant or long ageing balances, and the remaining balances were grouped for collective assessment according to their ageing and historical default rates as these customers were of similar credit risk. The ageing of these impaired trade and retention receivables is as follows:

	2018	2017
	HK$'000	*HK$'000*
Over 90 days	**100**	1,611

Movements on the Group's provision for doubtful debts of trade and retention receivables are as follows:

	2018	2017
	HK$'000	*HK$'000*
At 1 April	**1,611**	1,505
Provision for doubtful debts *(Note 6)*	**350**	106
Written-off	**(1,861)**	—
At 31 March	**100**	1,611

As at 31 March 2018, a provision of doubtful debts of approximately HK$350,000 (2017: HK$106,000) on trade and retention receivables which have been overdue for more than 60 days was made after considering the collectability and overdue ageing analysis of the trade and retention receivables. The provision for doubtful debts has been included in "administrative expenses" in the consolidated statement of comprehensive income (Note 6).

15 AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	2018 HK$'000	2017 HK$'000
Amounts due from customers for contract work		
Contract costs incurred plus recognized profits less foreseeable losses to date	223,133	10,734
Less: Progress billing received and receivable	(172,319)	(714)
	50,814	10,020
Amounts due to customers for contract work		
Progress billings received and receivables	702	25,250
Contract costs incurred plus attributable profits less foreseeable losses to date	(177)	(22,600)
	525	2,650

16 DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	2018 HK$'000	2017 HK$'000
Deposits	3,390	3,287
Deposit for acquisition of a subsidiary *(Note 24)*	1,218	—
Advance to a sub-contractor	3,000	—
Other receivables	375	100
Financial assets *(Note 13)*	7,983	3,387
Prepayments	1,972	49
Prepaid incentives	2,175	—
	12,130	3,436
Less: non-current portion of deposits and prepayments	(2,272)	—
Current portion	9,858	3,436

As at 31 March 2018, deposits of approximately HK$1,130,000 (2017: HK$2,200,000) were in relation to the guarantees of surety bonds in respect of 1 (2017: 1) construction contract of the Group in its ordinary course of business, respectively (Note 22).

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

16 DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS (Continued)

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

	2018	2017
	HK$'000	*HK$'000*
HK$	**10,912**	3,436
Renminbi	**1,218**	—
Total	**12,130**	3,436

17 CASH AND CASH EQUIVALENTS

	2018	2017
	HK$'000	*HK$'000*
Cash at bank and on hand		
— Cash at call	**58,716**	19,663
— Cash on hand	**47**	146
Cash and cash equivalents	**58,763**	19,809
Maximum exposure to credit risk	**58,716**	19,663

The carrying amounts of cash and cash equivalents were denominated in HK$.

18 TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	76,987	47,546
Accrued salaries payables	—	3,830
Other accruals and payables	2,238	1,502
Accruals and other payables	2,238	5,332
	79,225	52,878

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

	2018	2017
	HK$'000	*HK$'000*
To be invoiced/within 30 days	37,866	8,763
31 to 60 days	9,407	7,482
61 to 90 days	8,248	7,295
91 to 180 days	5,724	13,159
Over 180 days	15,742	10,847
	76,987	47,546

As at 31 March 2018 and 2017, the carrying amounts of trade and other payables approximated their fair values and were denominated in HK$.

19 SHARE CAPITAL

Authorised share capital

	Number of Ordinary share	Nominal value of ordinary share HK$'000
As at 24 March 2017 (Date of incorporation) *(Note 1.2(ii))*	50,000	390
As at 31 March 2017	50,000	390
Subdivision of ordinary shares to US$0.001 each *(Notes a and 1.2(v))*	49,950,000	—
Increase in authorised share capital *(Note a)*	4,950,000,000	38,610
As at 31 March 2018	5,000,000,000	39,000

Issued and fully paid

	Number of Ordinary share	Nominal value of ordinary share HK$'000
As at 24 March 2017 (Date of incorporation) *(Note 1.2(ii))*	50,000	390
As at 31 March 2017	50,000	390
Subdivision of ordinary shares to US$0.001 each *(Notes a and 1.2(v))*	49,950,000	—
Issuance of shares pursuant to capitalization *(Note 1.2(vi))*	100,000,000	775
Issue of ordinary shares in connection with the Listing of HK$1.56 each *(Note 1.2(vii))*	50,000,000	388
As at 31 March 2018	200,000,000	1,553

Note:

(a) 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 authorised 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.

20 CASH FLOW INFORMATION

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

	Notes	2018 HK$'000	2017 HK$'000
Cash flows from operating activities			
Profit before income tax		**11,462**	28,898
Adjustments for:			
Depreciation charge	6	**214**	37
Provision for doubtful debts	6	**350**	106
Finance cost — net	8	**63**	—
Operating profit before working capital changes:		**12,089**	29,041
Trade and retention receivables		**2,514**	(19,524)
Deposits, other receivables and prepayments		**(6,422)**	515
Amount due from a related company		**—**	877
Amounts due to directors		**(12,806)**	25
Amounts due from customers for contract work		**(40,794)**	1,573
Amounts due from shareholders		**(3)**	—
Trade payables		**29,441**	2,794
Accruals and other payables		**(3,094)**	1,074
Amounts due to customers for contract work		**(2,125)**	2,107
Cash (used in)/generated from operations		**(21,200)**	18,482

(b) Non-cash transaction

On 24 March 2017, the Board of Directors of the Company approved an interim dividend of approximately HK$21,400,000, of which HK$6,400,000 was settled in cash and the remaining of HK$15,000,000 was settled through the current accounts with directors during the year ended 31 March 2017.

(c) Reconciliation of financing activities

This section sets out an analysis of liabilities arising from financing activities and the movements in liabilities arising from financing activities for each of the years presented. No liabilities arising from financing activities as at 31 March 2018 (2017: Nil).

21 COMMITMENTS

(a) Capital commitments

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

	2018 HK$'000	2017 HK$'000
Acquisitions of subsidiaries *(Note 24)*	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:

	2018 HK$'000	2017 HK$'000
No later than 1 year	715	699
Later than 1 year and no later than 5 years	106	509
	821	1,208

22 CONTINGENT LIABILITIES

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

	2018	2017
	HK$'000	*HK$'000*
Surety bonds	**4,978**	2,200

As at 31 March 2018, the Group provided guarantees of surety bonds in respect of 3 (2017: 1) construction contracts of the Group in its ordinary course of business. Deposits of approximately HK$1,130,000 (2017: HK$2,200,000) to guarantee the surety bonds in respect of 1 (2017: 1) construction contract as at 31 March 2018 have been included in “deposits, other receivables and prepayments” in the consolidated financial statements (Note 16). The surety bonds are expected to be released in accordance with the terms of the respective construction contracts.

23 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:

	2018	2017
	HK$'000	*HK$'000*
Salaries, wages and other allowances	**6,746**	5,834
Retirement benefit costs		
— Mandatory Provident Fund Scheme	**72**	54
	6,818	5,888

23 RELATED PARTY TRANSACTIONS (Continued)

(b) Year-end balances

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

	2018 HK$'000	2017 HK$'000
The Group and the Company		
Amounts due from shareholders		
— J&J Partner Investment Group Limited	97	97
— Madison Square	286	293
	383	390
The Group		
Amounts due to directors		
— Mr. Wong	—	(9,056)
— Mr. Wong Kin Kei	—	(3,750)
	—	(12,806)

The maximum outstanding balances due from the related parties during the years ended were as follows:

	2018 HK$'000	2017 HK$'000
— J&J Partner Investment Group Limited	97	97
— Madison Square	293	293

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$").

As of the approval of these consolidated financial statements, the entire balances of amounts due from J&J Partner Investment Group Limited and Madison Square were settled.

24 BUSINESS COMBINATIONS AFTER THE REPORTING PERIOD

On 23 March 2018, the BVI Company, a wholly-owned subsidiary of the Company entered into a sales and purchase agreement with an independent third party, pursuant to which the BVI Company agreed to acquire 60% equity interests in Core Group Holding Limited ("HK Target"), a company incorporated in Hong Kong from the independent third party at a cash consideration of approximately HK$10,020,000.

On the same date, Sanbase China Holding Limited ("Sanbase China"), a wholly-owned subsidiary of the Company, entered into another sales and purchase agreement with another independent third party, pursuant to which Sanbase China agreed to acquire 65% equity interests in 廣州斯五建築設計有限公司 ("PRC Target"), a company incorporated in the People's Republic of China, from the independent third party at a cash consideration of approximately RMB1,975,000 (equivalent to approximately HK$2,438,000). A deposit of RMB987,000 (equivalent to approximately HK$1,218,000) represented first instalment paid to the independent third party for the acquisition of the PRC Target (Note 16) as at 31 March 2018.

The operating subsidiary of the HK Target and the PRC Target principally engages in providing interior design services and interior fit-out solutions for commercial premises in Hong Kong and Mainland China respectively.

The transaction related to the HK Target and the PRC Target were completed on 12 April 2018 and 8 May 2018 respectively. After the completion, the Group are interested in 60% and 65% of the total issued share capital of the HK Target and the PRC Target respectively. The HK Target and the PRC Target have become non-wholly owned subsidiaries of the Company.

The above two transactions had no financial impact to the consolidated financial statements for the year ended 31 March 2018 since the completion of the transaction was subsequent to the year end.

25 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Notes	2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Investment in a subsidiary	(b)	**35,064**	78
Current assets			
Deposits, other receivables and prepayments		**175**	—
Amounts due from shareholders		**383**	390
Amounts due from a subsidiary		**2,199**	—
Cash and cash equivalents		**51,188**	—
		53,945	390
Total assets		**89,009**	468
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**1,553**	390
Share premium	(c)	**68,632**	—
Other reserve	(c)	**34,986**	—
Accumulated loss	(c)	**(16,330)**	—
Total equity		**88,841**	390
LIABILITIES			
Current liabilities			
Accruals		**100**	—
Amounts due to a subsidiary		**68**	78
Total liabilities		**168**	78
Total equity and liabilities		**89,009**	468

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

(b) Subsidiaries

The Group's subsidiaries as at 31 March 2018 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 2018 %	2017 %
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**	N/A
Sanbase Contracting (Engineering) Limited	Hong Kong, limited liability company	Dormant	10,000 ordinary shares of HK$10,000	**100**	N/A
SICL Contracting (Macau) Limited	Macau, limited liability company	Dormant	1,000,000 ordinary shares of MOP1,000,000	**100**	N/A
Sanbase Financial Holding Limited	BVI, limited liability company	Dormant	10,000 ordinary shares of US$10,000	**100**	N/A
Sanbase China Holding Limited	Hong Kong, limited liability company	Dormant	10,000 ordinary shares of HK$10,000	**100**	N/A

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

(c) Reserve movements of the Company

	Share premium	Other reserve	Accumulated loss	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 24 March 2017 (Date of incorporation) and 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)
At 31 March 2018	68,632	34,986	(16,330)	87,288

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.

26 BENEFITS AND INTEREST OF DIRECTORS

(a) Directors' emoluments

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 *(Note 1)*	—	1,376	174	521	18	2,089
Executive directors						
Mr. Wong Kin Kei *(Note 1)*	—	1,273	174	521	18	1,986
Ms. Hui Man Yee, Maggie *(Note 2)*	—	1,125	165	495	18	1,803
Mr. Cheung Ting Pong *(Note 2)*	—	1,309	1,150	450	18	2,927
Independent non-executive directors						
Mr. Fan Chun Wah *(Note 3)*	58	—	—	—	—	58
Mr. Wu Kam On *(Note 3)*	58	—	—	—	—	58
Mr. Pang Chung Fai *(Note 3)*	58	—	—	—	—	58
	174	5,083	1,663	1,987	72	8,979

26 BENEFITS AND INTEREST OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

The remuneration of every director for the year ended 31 March 2017 is set out below:

	Fee	Salaries	Discretionary bonus	Employer's contribution to pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Mr. Wong Sai Chuen *(Note 1)*	—	520	1,797	18	2,335
Mr. Wong Kin Kei *(Note 1)*	—	768	1,057	18	1,843
Ms. Hui Man Yee, Maggie *(Note 2)*	—	455	1,237	18	1,710
	—	1,743	4,091	54	5,888

Note 1: Mr. Wong Sai Chuen and Mr. Wong Kin Kei were appointed as the executive directors of the Company on 24 March 2017.

Note 2: 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 subsequently re-designated as a non-executive director with effect from 8 May 2018.

Note 3: Mr. Fan Chun Wah, Andrew, 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. During the year ended 31 March 2017, they had not yet been appointed and did not receive any remuneration.

(b) Directors' retirement benefits and termination benefits

Saved as disclosed in Note 26(a), the directors did not receive any retirement benefits or termination benefits during the financial year (2017: Nil).

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

During the year ended 31 March 2018, the Company does not pay consideration to any third parties for making available directors' services (2017: Nil).

26 BENEFITS AND INTEREST OF DIRECTORS (Continued)

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

Saved as disclosed in Note 23(b), as at 31 March 2018, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and controlled entities with such directors (2017: 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 (2017: Nil).

Results

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

Assets and Liabilities

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