The following is the text of a report set out on pages I-1 to I-42, received from the Company's reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF YIELD GO HOLDINGS LTD. AND GRANDE CAPITAL LIMITED

Introduction

We report on the historical financial information of Yield Go Holdings Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-42, which comprises the combined statements of financial position as at 31 March 2016, 2017 and 2018 and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the three years ended 31 March 2016, 2017 and 2018 (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-42 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the "**Document**") in connection with the **[REDACTED]** of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Notes 1 and 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Notes 1 and 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 March 2016, 2017 and 2018 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Notes 1 and 2 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
[•]
Practising Certificate Number: [•]
Hong Kong, [•]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The combined financial statements of the Group for the years ended 31 March 2016, 2017 and 2018 (the "**Track Record Period**"), on which the Historical Financial Information is based, were audited by HLB Hodgson Impey Cheng Limited in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Combined statements of profit or loss and other comprehensive income

	Notes	Year ended 31 March 2016 HK$'000	Year ended 31 March 2017 HK$'000	Year ended 31 March 2018 HK$'000
Revenue	5	240,149	346,391	560,283
Direct costs		(216,377)	(304,154)	(498,849)
Gross profit		23,772	42,237	61,434
Other income and gains/(losses)-net	6	94	(7)	56
Administrative and other operating expenses		(8,234)	(8,220)	(12,912)
Finance costs	10	(1,205)	(961)	(1,657)
Profit before income tax	7	14,427	33,049	46,921
Income tax expense	11	(2,567)	(5,910)	(8,327)
Profit and total comprehensive income for the year attributable to owners of the Company		11,860	27,139	38,594

Details of dividends are disclosed in Note 13 to the Historical Financial Information.

Combined statements of financial position

	Notes	As at 31 March 2016 HK$'000	As at 31 March 2017 HK$'000	As at 31 March 2018 HK$'000
Non-current assets				
Property, plant and equipment	15	1,123	690	262
		1,123	690	262
Current assets				
Contract assets	16	62,510	67,724	94,457
Trade and other receivables	17	24,479	37,817	39,122
Amount due from a director	18	–	11,748	–
Amounts due from related companies	19	20,199	–	–
Cash and bank balances	20	11,733	30,160	26,766
		118,921	147,449	160,345
Total assets		120,044	148,139	160,607
Current liabilities				
Contract liabilities	16	–	–	16,009
Trade and other payables	21	80,167	80,347	38,718
Amount due to a director	22	8,052	–	1,293
Bank borrowings	23	15,198	30,393	33,604
Finance lease liability	25	415	429	–
Current income tax labilities		2,492	6,540	1,959
		106,324	117,709	91,583
Net current assets		12,597	29,740	68,762
Total assets less current liabilities		13,720	30,430	69,024
Non-current liabilities				
Finance lease liability	25	429	–	–
		429	–	–
Net assets		13,291	30,430	69,024
Capital and reserves				
Combined capital	26	200	200	200
Retained earnings		13,091	30,230	68,824
Total equity		13,291	30,430	69,024

Combined statements of changes in equity

	Combined capital *HK$'000* *(Note 26)*	**Retained earnings** *HK$'000*	**Total** *HK$'000*
Balance as at 1 April 2015	200	1,231	1,431
Profit and total comprehensive income for the year	–	11,860	11,860
Balance as at 31 March 2016	200	13,091	13,291
Balance as at 1 April 2016	200	13,091	13,291
Profit and total comprehensive income for the year	–	27,139	27,139
Dividends declared *(Note 13)*	–	(10,000)	(10,000)
Balance as at 31 March 2017	200	30,230	30,430
Balance as at 1 April 2017	200	30,230	30,430
Profit and total comprehensive income for the year	–	38,594	38,594
Balance as at 31 March 2018	200	68,824	69,024

Combined statements of cash flows

	Notes	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2018
		HK$'000	*HK$'000*	*HK$'000*
Cash flows from operating activities				
Cash generated from operations	27	20,807	6,472	18,395
Tax paid		(573)	(1,862)	(12,908)
Net cash generated from operating activities		20,234	4,610	5,487
Cash flows from investing activities				
Interest received		–	–	2
Purchases of property, plant and equipment		–	(2)	(8)
Net cash used in investing activities		–	(2)	(6)
Cash flows from financing activities				
Interest paid	27	(1,205)	(961)	(1,657)
Proceeds from bank borrowings	27	82,671	113,393	124,776
Repayments of bank borrowings	27	(94,477)	(98,198)	(121,565)
Repayments of finance leases liability	27	(600)	(415)	(429)
Dividends paid		–	–	(10,000)
Net cash (used in)/generated from financing activities		(13,611)	13,819	(8,875)
Net increase/(decrease) in cash and cash equivalents		6,623	18,427	(3,394)
Cash and cash equivalents at beginning of the year		5,110	11,733	30,160
Cash and cash equivalents at end of the year	20	11,733	30,160	26,766

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION AND BASIS OF PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Company was incorporated in the Cayman Islands on 9 May 2018 as an exempted company with limited liability. Its parent and ultimate holding company is Hoi Lang Holdings Ltd. ("**Hoi Lang**"), a company incorporated in the British Virgin Islands (the "**BVI**") and owned by Mr. Man Hoi Yuen ("**Mr. Man**"), Ms. Ng Yuen Chun ("**Mrs. Man**"), spouse of Mr. Man and Mr. Ho Chi Hong ("**Mr. Ho**").

The addresses of the registered office and the principal place of business of the Company are set out in the section headed "Corporate information" to the Document. The Company is an investment holding company. The subsidiaries of the Company are principally engaged in fitting-out services and supply of fitting-out materials.

Throughout the Track Record Period, the group entities were under the control of Mr. Man and Mrs. Man. Through a corporate reorganisation as more fully explained in the paragraph headed "Reorganisation" in "History, development and reorganisation" to the Document (the "**Reorganisation**"), the Company became the holding company of the companies now comprising the Group on **[•]**. Accordingly, for the purpose of the preparation of the Historical Financial Information of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the Track Record Period.

The Historical Financial Information has been prepared as if the Company had been the holding company of the Group throughout the Track Record Period in accordance with Accounting Guideline 5 "*Merger Accounting for Common Control Combinations*" issued by the HKICPA. The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Track Record Period, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared to present as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation where this is a shorter period. The combined statements of financial position as at the respective reporting dates have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates.

Upon completion of the Reorganisation and as of the date of this report, the Company has the direct and indirect interest in the following wholly-owned subsidiaries:

Name of subsidiary	Legal form, date and place of incorporation/ operations	Issued and fully paid up share capital	Proportion ownership interest held by the Company	Principal activities	*Notes*
Link Shing Holdings Ltd. ("**Link Shing**")	Limited liability company incorporated on 11 May 2018, BVI	United States dollars ("**US$**")100	100% (direct)	Investment holding	1
Chun Shing Development Co., Limited ("**Chun Shing Development**")	Limited liability company incorporated on 29 January 2015, Hong Kong	HK$1.00	100% (indirect)	Provision of fitting-out services and supply of fitting-out materials	2
Hoi Sing Construction (H.K.) Limited ("**Hoi Sing Construction**")	Limited liability company incorporated on 21 February 2001, Hong Kong	HK$2.00	100% (indirect)	Provision of fitting-out services	3

Name of subsidiary	Legal form, date and place of incorporation/ operations	Issued and fully paid up share capital	Proportion ownership interest held by the Company	Principal activities	*Notes*
Hoi Sing Decoration Engineering Company Limited ("**Hoi Sing Decoration**")	Limited liability company incorporated on 21 September 1995, Hong Kong	HK$100,000.00	100% (indirect)	Provision of fitting-out services	4
Milieu Wooden Company Limited ("**Milieu**")	Limited liability company incorporated on 16 December 2010, Hong Kong	HK$100,000.00	100% (indirect)	Provision of fitting-out services and supply of fitting-out materials	5

Note 1: No audited statutory financial statements have been prepared for Link Shing since its date of incorporation as it was incorporated in a country where there is no statutory audit requirement.

Note 2: The statutory financial statements of Chun Shing Development for the period from 29 January 2015 (date of incorporation) to 31 March 2016, which were prepared in accordance with Small and Medium-sized Entity Financial Reporting Standard ("**SME-FRS**") issued by the HKICPA, were audited by Richard S.K. Chan & Co., Certified Public Accountants (Practising), Hong Kong. The statutory financial statements of Chun Shing Development for the year ended 31 March 2017, which were prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA, were audited by Global Vision CPA Limited, Certified Public Accountants (Practising), Hong Kong.

Note 3: The statutory financial statements of Hoi Sing Construction for the year ended 31 March 2016, which were prepared in accordance with SME-FRS issued by the HKICPA, were audited by Richard S.K. Chan & Co. Certified Public Accountants (Practising), Hong Kong. The statutory financial statements of Hoi Sing Construction for the year ended 31 March 2017, which were prepared in accordance with HKFRSs issued by the HKICPA, were audited by Global Vision CPA Limited, Certified Public Accountants (Practising), Hong Kong.

Note 4: The statutory financial statements of Hoi Sing Decoration for the year ended 31 March 2016, which were prepared in accordance with SME-FRS issued by the HKICPA, were audited by Richard S.K. Chan & Co. Certified Public Accountants (Practising), Hong Kong. The statutory financial statements of Hoi Sing Decoration for the year ended 31 March 2017, which were prepared in accordance with HKFRSs issued by the HKICPA, were audited by Global Vision CPA Limited, Certified Public Accountants (Practising), Hong Kong.

Note 5: The statutory financial statements of Milieu for the year ended 31 March 2016, which were prepared in accordance with SME-FRS issued by the HKICPA, were audited by Richard S.K. Chan & Co. Certified Public Accountants (Practising), Hong Kong. The statutory financial statements of Milieu for the year ended 31 March 2017, which were prepared in accordance with HKFRSs issued by the HKICPA, were audited by Global Vision CPA Limited, Certified Public Accountants (Practising), Hong Kong.

All companies now comprising the Group have adopted 31 March as their financial year end date.

The Historical Financial Information is presented in HK$, which is the same as the functional currency of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of preparation

The principal accounting policies applied in the preparation of the Historical Financial Information which are in accordance with the HKFRSs issued by the HKICPA are set out below. The Historical Financial Information set out in this report has been prepared under the historical cost convention, except as otherwise stated in the accounting policies below.

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

Early adoption of Hong Kong Financial Reporting Standard 15 "Revenue from contracts with customers" ("**HKFRS 15**")

HKFRS 15 issued by the HKICPA is mandatory effective for the financial year beginning on or after 1 January 2018.

The Group has elected to early adopt HKFRS 15 for the Track Record Period in the Underlying Financial Statements because the new accounting standard provides more reliable and relevant information for users to assess the amounts, timing and uncertainty of revenue and cash flows.

HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to be recognised through a 5-step approach: (i) identify the contract(s) with customer; (ii) identify separate performance obligations in the contract: (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; and (v) recognise revenue when a performance obligation is satisfied. The core principle is that a company should recognise revenue when control of a good and service transfers to customer.

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

The following new or revised standards, amendments and interpretations to existing standards have been published but are not yet effective for the Track Record Period and which the Group has not early adopted:

		Effective for annual periods of the Group beginning on or after
HKFRS 9	Financial Instruments	1 January 2018
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle	1 January 2018

		Effective for annual periods of the Group beginning on or after
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle	1 January 2018
Amendments to HKAS 40	Transfers of Investment Property	1 January 2018
HK(IFRIC) – Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HKFRS 16	Leases	1 January 2019
Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle	1 January 2019
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures	1 January 2019
HK(IFRIC) – Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	A date to be determined

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

(i) HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a fair value through other comprehensive income ("**FVTOCI**") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of HKAS 39 "*Financial Instruments: Recognition and Measurement*" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company do not anticipate that the application of HKFRS 9 in the future will have a material impact on the Historical Financial Information.

(ii) HKFRS 16 "Leases"

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

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

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

Total operating lease commitment of the Group as at 31 March 2016, 2017 and 2018 amounted to approximately HK$1,263,000, HK$864,000 and HK$432,000 respectively *(Note 28)*. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statements of financial position as right-of-use assets and lease liabilities.

(b) Consolidation and combination

The Historical Financial Information includes the financial information of the Company and all its subsidiaries made up to respective year end dates during the Track Record Period.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Except for the Reorganisation, the Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the recognised amount of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Transaction with non-controlling interests

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

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

(d) Merger accounting for common control combinations

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

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

(e) Segment reporting

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

(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Historical Financial Information is presented in HK$, which is the Company's functional and presentation currency.

(ii) Transactions and balances

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

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(g) Property, plant and equipment

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

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

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

Furniture and fixtures	20%
Motor vehicle	30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(h) Impairment of non-financial assets

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

(i) Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "amount due from a director", "amounts due from related companies" and "cash and bank balances" in the combined statements of financial position.

(j) 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.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, 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, 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.

(k) Contracts with customers

Contracts with customers are contracts specifically negotiated with a customer. Its performance obligation is to construct an asset or a group of assets where its control is transferred over time. The accounting policy for contract revenue is set out in Note 2(v). When the outcome of a construction contract can be estimated reliably, contract revenue is recognised by reference to the stage of completion of the contract at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

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

(l) Trade and other receivables

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

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

(m) Cash and cash equivalents

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

(n) Share capital

Ordinary shares are classified as equity.

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

(o) Trade and other payables

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

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

(p) Borrowings

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

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

(q) Borrowing costs

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

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

(r) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

Deferred income tax is recognised, using the liability method, on temporary differences, arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, the deferred tax liabilities are not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction neither accounting nor taxable profit or loss is affected. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred taxation liability is settled.

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

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

(s) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Retirement benefits

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

(iii) Bonus plans

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

(t) Provisions

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

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

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

(u) Contingent liabilities and contingent assets

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

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

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

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

(v) Revenue recognition

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

(i) Contract revenue

When control of products and services are transferred over time, revenue is recognised progressively based on the value of performance completed to date as a percentage of total transaction price to depict the transfer of control of the goods or services to the customer. The Group recognises revenue over time only if it can reasonably measure its progress toward complete satisfaction of the performance obligation. However, if the Group cannot reasonably measure the outcome but expects to recover the costs incurred in satisfying the performance obligation, then it recognises revenue to the extent of the costs incurred.

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

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

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

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

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

Contract assets are rights to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditional on something other than the passage of time.

(ii) Interest income

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

(w) Dividend distribution

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

(x) Leases

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

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

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities exposed it to a variety of financial risks: market risk (including foreign currency risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign currency risk

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

(ii) Cash flow and fair value interest rate risk

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

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

As at 31 March 2016, 2017 and 2018, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit before tax for the years ended 31 March 2016, 2017 and 2018 would have been decreased/increased by approximately HK$152,000, HK$304,000 and HK$334,000, respectively. The sensitivity analysis has been determined assuming that the change in interest rates had occurred throughout the year end had been applied to the exposure to interest rate risk for variable-rate bank borrowings in existence at each reporting period. The 100 basis points decreased/increased represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group over the period until the end of next reporting period.

(b) Credit risk

Credit risk arises mainly from trade and other receivables, amount due from a director, amounts due from related companies and cash and bank balances. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting dates in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the combined statements of financial position.

The credit risk of bank balances is limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies.

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

As at 31 March 2016, 2017 and 2018, there were 2, 2 and 3 customers which individually contributed over 10% of the Group's trade and other receivables, respectively. The aggregate amounts of trade and other receivables from these customers amounted to 82.0%, 90.6% and 60.4% of the Group's total trade and other receivables as at 31 March 2016, 2017 and 2018 respectively. The Group has set up long-term cooperative relationship with these debtors. In view of the history of business dealings with the debtors and the sound collection history of the receivables due from them, management believes that there is no material credit risk, inherent in the Group's outstanding receivables balance due from these debtors.

(c) Liquidity risk

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

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

	On demand or within one year	Between one and two years	Between two and five years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2016				
Trade and other payables excluding non-financial liabilities	80,167	–	–	80,167
Amount due to a director	8,052	–	–	8,052
Bank borrowings	15,347	–	–	15,347
Finance lease liability	437	437	–	874
	104,003	437	–	104,440
As at 31 March 2017				
Trade and other payables excluding non-financial liabilities	70,347	–	–	70,347
Bank borrowings	30,759	–	–	30,759
Finance lease liability	437	–	–	437
	101,543	–	–	101,543
As at 31 March 2018				
Trade and other payables excluding non-financial liabilities	38,718	–	–	38,718
Amount due to a director	1,293	–	–	1,293
Bank borrowings	34,151	–	–	34,151
	74,162	–	–	74,162

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

	On demand or within one year *HK$'000*	Between one and two years *HK$'000*	Between two and five years *HK$'000*	Total *HK$'000*
As at 31 March 2016				
Bank borrowings subject to a repayable on demand clause	15,347	–	–	15,347
As at 31 March 2017				
Bank borrowings subject to a repayable on demand clause	30,759	–	–	30,759
As at 31 March 2018				
Bank borrowings subject to a repayable on demand clause	34,151	–	–	34,151

3.2 Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, to support the Group's stability and growth; to earn a margin commensurate with the level of business and market risks in the Group's operations and to maintain an optimal capital structure to reduce the cost of capital.

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

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

The gearing ratios during the Track Record Period are as follows:

	As at 31 March 2016 *HK$'000*	As at 31 March 2017 *HK$'000*	As at 31 March 2018 *HK$'000*
Total debt	16,042	30,822	33,604
Total equity	13,291	30,430	69,024
Gearing ratio	120.7%	101.3%	48.7%

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the Historical Financial Information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Revenue

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

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

5 REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents revenue from performance of construction contract works in the ordinary course of business. Revenue recognised during the respective years are as follows:

(a) Disaggregation of revenue from contracts with customers

	Year ended 31 March 2016	**Year ended 31 March 2017**	**Year ended 31 March 2018**
	HK$'000	*HK$'000*	*HK$'000*
By timing of revenue recognition:			
Control transferred over time	238,823	346,099	560,283
Control transferred at a point of time	1,326	292	–
	240,149	346,391	560,283

	Year ended 31 March 2016	**Year ended 31 March 2017**	**Year ended 31 March 2018**
	HK$'000	*HK$'000*	*HK$'000*
By type of services:			
Fitting-out services	238,823	346,099	560,283
Supply of fitting-out materials	1,326	292	–
	240,149	346,391	560,283

The chief operating decision maker of the Group during the Track Record Period has been identified as the executive directors of the Company. The chief operating decision maker regards the Group's business as a single operating segment and reviews the performance of the Group as a whole as reflect in the Historical Financial Information accordingly. During the Track Record Period, the Group only engages its business in Hong Kong. Therefore, no segment information is presented.

Information about major customers

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

	Year ended 31 March 2016 *HK$'000*	Year ended 31 March 2017 *HK$'000*	Year ended 31 March 2018 *HK$'000*
Customer A	162,677[1]	228,119[1]	366,322[1]
Customer B	64,960[1]	112,757[1]	55,878[1]
Customer C	N/A[2]	N/A[2]	83,202

[1] The customer represents a number of companies within a group.
[2] The corresponding revenue did not contribute over 10% of total revenue of the Group.

(b) Transaction price allocated to the remaining performance obligations

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

	As at 31 March 2018 *HK$'000*
Remaining performance obligations expected to be satisfied during the years ending:	
31 March 2019	250,490
31 March 2020	–
After 31 March 2020	–
	250,490

The Group applies the practical expedient in paragraph C5(d) of HKFRS 15 and does not disclose information about remaining performance obligations as at 31 March 2016 and 2017 expected to be satisfied in the future.

6 OTHER INCOME AND GAINS/(LOSSES) – NET

	Year ended 31 March 2016 *HK$'000*	Year ended 31 March 2017 *HK$'000*	Year ended 31 March 2018 *HK$'000*
Bank interest income	–	–	2
Net foreign exchange gains/(losses)-net	75	(7)	22
Sundry income	19	–	32
	94	(7)	56

7 PROFIT BEFORE INCOME TAX

	Year ended 31 March 2016 *HK$'000*	Year ended 31 March 2017 *HK$'000*	Year ended 31 March 2018 *HK$'000*
Profit before taxation has been arrived at after charging:			
Depreciation of assets under finance leases	325	433	433
Depreciation of owned assets	1	2	3
	326	435	436
Auditors' remuneration	60	246	246
Cost of materials and finished goods	69,263	82,561	192,740
[REDACTED] expenses	–	–	3,533
Operating lease rental in respect of machinery and equipment	954	45	55
Operating lease rental in respect of premises	432	432	432
Staff costs, including directors' emoluments *(Note 8)*	14,988	21,233	32,191

8 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	Year ended 31 March 2016 *HK$'000*	Year ended 31 March 2017 *HK$'000*	Year ended 31 March 2018 *HK$'000*
Salaries, allowances and other benefits in kind	14,490	20,369	30,937
Retirement scheme contributions – defined contribution plan	498	864	1,254
	14,988	21,233	32,191

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

9 DIRECTORS' EMOLUMENTS

(a) Directors' emoluments

The remuneration of each director for the Track Record Period is set out below:

	Fee	Salaries, allowances and other benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2016					
Executive Directors					
Mr. Man	–	1,356	–	18	1,374
Mrs. Man	–	–	–	–	–
Mr. Ho	–	720	300	18	1,038
	–	2,076	300	36	2,412
Year ended 31 March 2017					
Executive Directors					
Mr. Man	–	1,363	–	18	1,381
Mrs. Man	–	–	–	–	–
Mr. Ho	–	780	–	18	798
	–	2,143	–	36	2,179
Year ended 31 March 2018					
Executive Directors					
Mr. Man	–	1,408	–	18	1,426
Mrs. Man	–	–	–	–	–
Mr. Ho	–	832	–	18	850
	–	2,240	–	36	2,276

Mr. Man was appointed as director of the Company on 9 May 2018, and was re-designated as an executive director of the Company on 7 June 2018. He was also appointed as chairman of the board of the directors of the Company on [•] 2018. Mrs. Man was appointed as director of the Company on 9 May 2018, and was re-designated as an executive director of the Company on 7 June 2018. Mr. Ho was appointed as director of the Company on 9 May 2018, and was re-designated as an executive director of the Company on 7 June 2018. He is also the chief executive officer of the Company. They were also directors of certain subsidiaries of the Company and/or employees of the Group during the Track Record Period and the Group paid emoluments to them in their capacity as the directors of these subsidiaries and/or employees of the Group before their appointment as executive directors of the Company.

Mr. Chan Ka Yu, Mr. Lo Ki Chiu and Mr. Leung Wai Lim were appointed as independent non-executive directors of the Company on [•]. During the Track Record Period, the aforesaid independent non-executive directors have not yet been appointed and received no directors' remuneration in their capacity as directors.

During the Track Record Period, 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. No director has waived or agreed to waive any emoluments during the Track Record Period.

(b) Five highest paid individuals

Of the five individuals with the highest emoluments, two of them are directors for each of the three years ended 31 March 2016, 2017 and 2018, whose emoluments are disclosed above. The emoluments in respect of the remaining three individuals for each of the three years ended 31 March 2016, 2017 and 2018 are as follows:

	Year ended 31 March 2016 *HK$'000*	**Year ended 31 March 2017** *HK$'000*	**Year ended 31 March 2018** *HK$'000*
Salaries, allowances and other benefits in kind	1,268	1,222	1,302
Discretionary bonuses	187	195	168
Retirement scheme contributions	53	51	54
	1,508	1,468	1,524

The emoluments of each of the above non-directors, highest paid individuals were below HK$1,000,000 for each of the three years. During the Track Record Period, no emoluments were paid by the Group to the above highest paid individuals as (i) an inducement to join or upon joining the Group or (ii) as compensation for loss of office as a director or management of any members of the Group.

10 FINANCE COSTS

	Year ended 31 March 2016 *HK$'000*	**Year ended 31 March 2017** *HK$'000*	**Year ended 31 March 2018** *HK$'000*
Interest on bank borrowings	1,168	939	1,649
Interest on finance leases	37	22	8
	1,205	961	1,657

11 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong for the Track Record Period.

	Year ended 31 March 2016 *HK$'000*	**Year ended 31 March 2017** *HK$'000*	**Year ended 31 March 2018** *HK$'000*
Hong Kong profits tax			
– current tax on profits for the year	2,567	5,910	8,327

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

	Year ended 31 March 2016 *HK$'000*	**Year ended 31 March 2017** *HK$'000*	**Year ended 31 March 2018** *HK$'000*
Profit before income tax	14,427	33,049	46,921
Calculated at a tax rate of 16.5%	2,380	5,453	7,742
Tax effects of:			
Expenses not deductible for tax purposes	7	6	583
Tax losses not recognised	279	466	116
Utilisation of previous unrecognised tax losses	–	–	(80)
Temporary differences not recognised	(59)	5	26
Tax concession	(40)	(20)	(60)
Income tax expense	2,567	5,910	8,327

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

The Group has unused tax losses of approximately HK$5,958,000, HK$8,784,000 and HK$9,005,000 as at 31 March 2016, 2017 and 2018 respectively, which are available for offset against future profits that may be carried forward indefinitely and are subject to approval from the Hong Kong Inland Revenue Department.

12 EARNINGS PER SHARE

No earnings per share information is presented for the purpose of this report as its inclusion is not considered meaningful having regard to the Reorganisation of the Group and the result of the Group for the Track Record Period that is prepared on a combined basis as set out in Notes 1 and 2.

13 DIVIDENDS

	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2018
	HK$'000	*HK$'000*	*HK$'000*
Final dividends declared by Hoi Sing Decoration	–	10,000	–

No dividend has been paid or declared by the Company since its incorporation.

The final dividends represented the dividends declared and paid by Hoi Sing Decoration, a subsidiary of the Company, to its then equity holders prior to the Reorganisation.

The rate of dividend and the number of shares ranking for dividend is not presented as such information is not meaningful having regard to the purpose of this report.

14 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 March 2016	As at 31 March 2017	As at 31 March 2018
	HK$'000	*HK$'000*	*HK$'000*
Financial assets			
Loans and receivables			
Trade and other receivables excluding prepayments	24,428	37,779	35,699
Amount due from a director	–	11,748	–
Amounts due from related companies	20,199	–	–
Cash and bank balances	11,733	30,160	26,766
	56,360	79,687	62,465
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables excluding non-financial liabilities	80,167	70,347	38,718
Amount due to a director	8,052	–	1,293
Bank borrowings	15,198	30,393	33,604
Finance lease liability	844	429	–
	104,261	101,169	73,615

15 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures *HK$'000*	Motor vehicle *HK$'000*	Total *HK$'000*
Cost			
As at 1 April 2015	663	412	1,075
Additions	–	1,444	1,444
Disposals	–	(412)	(412)
As at 31 March 2016	663	1,444	2,107
Accumulated depreciation			
As at 1 April 2015	658	412	1,070
Charge for the year	1	325	326
Disposals	–	(412)	(412)
As at 31 March 2016	659	325	984
Net book value			
As at 31 March 2016	4	1,119	1,123
Cost			
As at 1 April 2016	663	1,444	2,107
Additions	2	–	2
As at 31 March 2017	665	1,444	2,109
Accumulated depreciation			
As at 1 April 2016	659	325	984
Charge for the year	2	433	435
As at 31 March 2017	661	758	1,419
Net book value			
As at 31 March 2017	4	686	690
Cost			
As at 1 April 2017	665	1,444	2,109
Additions	8	–	8
As at 31 March 2018	673	1,444	2,117
Accumulated depreciation			
As at 1 April 2017	661	758	1,419
Charge for the year	3	433	436
As at 31 March 2018	664	1,191	1,855
Net book value			
As at 31 March 2018	9	253	262

(a) Fixed asset held under finance leases

Motor vehicle includes the following amount where the Group is a lessee under finance leases.

	As at 31 March 2016 *HK$'000*	As at 31 March 2017 *HK$'000*	As at 31 March 2018 *HK$'000*
Cost – capitalised finance lease	1,444	1,444	–
Accumulated depreciation	(325)	(758)	–
Net book value *(Note 25)*	1,119	686	–

16 CONTRACT ASSETS AND LIABILITIES

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

	As at 31 March 2016 *HK$'000*	As at 31 March 2017 *HK$'000*	As at 31 March 2018 *HK$'000*
Contract assets	62,510	67,724	94,457
Contract liabilities	–	–	(16,009)
	62,510	67,724	78,448
Contract costs incurred plus recognised profits less recognised losses	604,000	738,155	768,865
Less: Progress billings received and receivables	(541,490)	(670,431)	(674,408)
	62,510	67,724	94,457

As at 31 March 2016, 2017 and 2018, none of the Group's contract assets were impaired.

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

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

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

	Year ended 31 March 2016	**Year ended 31 March 2017**	**Year ended 31 March 2018**
	HK$'000	*HK$'000*	*HK$'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	–	–	–
Transfers from the contract assets recognised at the beginning of the year to trade receivables	(43,404)	(62,510)	(65,943)

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

There was no significant amount of revenue recognised and reversed during the Track Record Period from performance obligations satisfied (or partially satisfied) in previous periods.

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

During the Track Record Period, there was no significant incremental costs to obtain a contract or cost to fulfil a contract with a customer.

17 TRADE AND OTHER RECEIVABLES

	As at 31 March 2016	**As at 31 March 2017**	**As at 31 March 2018**
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	21,454	28,013	21,701
Retention receivables *(Note (c))*	2,896	8,943	4,754
Other receivables, deposits and prepayments	129	861	12,667
	24,479	37,817	39,122

Notes:

(a) The credit period granted to customers are ranging from 21 to 30 days generally.

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

	As at 31 March 2016	**As at 31 March 2017**	**As at 31 March 2018**
	HK$'000	*HK$'000*	*HK$'000*
0–30 days	15,753	23,199	16,389
31–60 days	–	330	450
61–90 days	174	36	2
Over 90 days	5,527	4,448	4,860
	21,454	28,013	21,701

Trade receivables of approximately HK$15,753,000, HK$23,199,000 and HK$16,389,000 as at 31 March 2016, 2017 and 2018 respectively were not yet past due, and approximately HK$5,701,000, HK$4,814,000 and HK$5,312,000 as at 31 March 2016, 2017 and 2018 respectively were past due but not impaired. The ageing analysis of the past due but not impaired trade receivables, based on past due dates, is as follows:

	As at 31 March 2016	**As at 31 March 2017**	**As at 31 March 2018**
	HK$'000	*HK$'000*	*HK$'000*
0–30 days	–	330	450
31–60 days	174	36	2
61–90 days	414	–	4,251
Over 90 days	5,113	4,448	609
	5,701	4,814	5,312

(c) Retention receivables were not past due as at 31 March 2016, 2017 and 2018, and were due for settlement in accordance with the terms of respective contract.

(d) As at 31 March 2016, 2017 and 2018, none of the Group's trade receivables were impaired.

(e) All the trade and other receivables are measured at amortised cost. The carrying amounts of the trade and other receivables are denominated in HK$.

(f) The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

18 AMOUNT DUE FROM A DIRECTOR

	Maximum balance outstanding during the year ended 31 March					
Name of director	**2016**	**2017**	**2018**	**As at 31 March 2016**	**As at 31 March 2017**	**As at 31 March 2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Man	–	11,748	11,748	–	11,748	–

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

19 AMOUNTS DUE FROM RELATED COMPANIES

Name of related company	Maximum balance outstanding during the year ended 31 March 2016	2017	2018	As at 31 March 2016	As at 31 March 2017	As at 31 March 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
海城五金家私製品(惠州)有限公司 ("**Haicheng Huizhou**")	19,427	16,063	–	16,063	–	–
海城(四川)裝飾工程有限公司 ("**Haicheng Sichuan**")	5,691	4,136	–	4,136	–	–
				20,199	–	–

The balances are denominated in HK$ and the relationship with the Group is set out in Note 29(a).

The amounts due from related companies are non-trade nature, unsecured, interest-free and repayable on demand.

20 CASH AND BANK BALANCES

	As at 31 March 2016	As at 31 March 2017	As at 31 March 2018
	HK$'000	*HK$'000*	*HK$'000*
Cash at banks	11,580	30,012	26,645
Cash on hand	153	148	121
Cash and cash equivalents	11,733	30,160	26,766

Notes:

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

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

	As at 31 March 2016	As at 31 March 2017	As at 31 March 2018
	HK$'000	*HK$'000*	*HK$'000*
HK$	11,509	29,976	26,261
RMB	22	41	347
EURO	112	106	121
US$	90	37	37
	11,733	30,160	26,766

21 TRADE AND OTHER PAYABLES

	As at 31 March 2016 *HK$'000*	As at 31 March 2017 *HK$'000*	As at 31 March 2018 *HK$'000*
Trade payables	78,739	67,851	34,856
Dividend payables	–	10,000	–
Accruals and other payables	1,428	2,496	3,862
	80,167	80,347	38,718

Notes:

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

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

	As at 31 March 2016 *HK$'000*	As at 31 March 2017 *HK$'000*	As at 31 March 2018 *HK$'000*
0–30 days	55,620	54,770	27,475
31–60 days	7,546	4,236	9
61–90 days	10,325	1,431	4,704
Over 90 days	5,248	7,414	2,668
	78,739	67,851	34,856

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

	As at 31 March 2016 *HK$'000*	As at 31 March 2017 *HK$'000*	As at 31 March 2018 *HK$'000*
HK$	80,167	78,479	38,091
RMB	–	1,868	627
	80,167	80,347	38,718

22 AMOUNT DUE TO A DIRECTOR

Name of director	As at 31 March 2016 *HK$'000*	As at 31 March 2017 *HK$'000*	As at 31 March 2018 *HK$'000*
Mr. Man	8,052	–	1,293

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

23 BANK BORROWINGS

	As at 31 March 2016 *HK$'000*	As at 31 March 2017 *HK$'000*	As at 31 March 2018 *HK$'000*
Current			
Bank borrowings	15,198	30,393	33,604

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

	As at 31 March 2016 *HK$'000*	As at 31 March 2017 *HK$'000*	As at 31 March 2018 *HK$'000*
Within 1 year	15,198	30,393	33,604
More than 1 year but not more than 2 years	–	–	–
More than 2 years but not more than 5 years	–	–	–
	15,198	30,393	33,604

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

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

As at 31 March 2016, 2017 and 2018, the interest rates of the bank borrowings are ranging from Hong Kong Dollar Prime Rate minus 0.5% to Hong Kong Dollar Prime Rate plus 0.5% per annum, flat rate of 4.2% and flat rate of 4.8%.

The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	As at 31 March 2016 *HK$'000*	As at 31 March 2017 *HK$'000*	As at 31 March 2018 *HK$'000*
HK$	14,329	30,393	33,604
EURO	869	–	–
	15,198	30,393	33,604

24 BANKING FACILITIES

As at 31 March 2016, 2017 and 2018, the banking facilities for bank borrowings granted to the Group were secured by the followings:

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

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

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

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

The directors of the Company confirm that all of the guarantees and securities as set out in items (i), (ii) and (iii) above will be replaced by guarantees of the Company upon **[REDACTED]** shares of the Company in the Main Board of the Stock Exchange of Hong Kong Limited.

As at 31 March 2016, 2017 and 2018, the Group has unutilised banking facilities for bank borrowings amounting to approximately HK$9,802,000, HK$1,277,000 and HK$9,619,000 respectively.

25 FINANCE LEASE LIABILITY

As at 31 March 2016, 2017 and 2018, the Group had finance leases repayable as follows:

	As at 31 March 2016		**As at 31 March 2017**		**As at 31 March 2018**	
	Present value of the minimum lease payments	**Total minimum lease payments**	**Present value of the minimum lease payments**	**Total minimum lease payments**	**Present value of the minimum lease payments**	**Total minimum lease payments**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	415	437	429	437	–	–
More than one year but not more than two years	429	437	–	–	–	–
More than two years but not more than five years	–	–	–	–	–	–
	844	874	429	437	–	–
Less: total future interest expenses		(30)		(8)		–
Present value of lease obligations		844		429		–

The Group's motor vehicle with aggregate net book value of approximately HK$1,119,000, HK$686,000 and Nil as at 31 March 2016, 2017 and 2018 respectively (*Note 15*) was secured as the rights to the leased asset revert to the lessors in the event of default and by the personal guarantee granted by Mr. Man.

The Group had committed finance lease facility which bore interest of 1.79% per annum as at 31 March 2016 and 2017.

The carrying amounts of all finance lease liability is denominated in HK$.

26 COMBINED CAPITAL

	As at 31 March 2016 *HK$'000*	As at 31 March 2017 *HK$'000*	As at 31 March 2018 *HK$'000*
Combined capital	200	200	200

For the purpose of the preparation of the combined statements of financial position, the balance of combined capital as at 31 March 2016, 2017 and 2018 represents the aggregate of the paid up share capital of the subsidiaries comprising the Group held by the controlling shareholders of the Company prior to the Reorganisation.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 9 May 2018 with an initial authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each and one subscribers share was issued thereafter.

27 NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

(a) Reconciliation of profit before income tax to cash generated from operations

	Year ended 31 March 2016 *HK$'000*	Year ended 31 March 2017 *HK$'000*	Year ended 31 March 2018 *HK$'000*
Profit before income tax	14,427	33,049	46,921
Adjustments for:			
Depreciation	326	435	436
Interest expenses	1,205	961	1,657
Interest income	–	–	(2)
Operating profit before changes in working capital	15,958	34,445	49,012
Increase in contract assets	(17,914)	(5,214)	(26,733)
Increase in trade and other receivables	(7,161)	(13,338)	(1,305)
(Increase)/Decrease in amount due from a director	–	(11,748)	11,748
(Increase)/Decrease in amounts due from related companies	(6,989)	20,199	–
Increase in contract liabilities	–	–	16,009
Increase/(Decrease) in trade and other payables	37,682	(9,820)	(31,629)
(Decrease)/Increase in amount due to a director	(769)	(8,052)	1,293
Cash generated from operations	20,807	6,472	18,395

(b) Non-cash transaction

The non-cash transaction is analysed as follows:

During the years ended 31 March 2016, 2017 and 2018, addition to motor vehicle of approximately HK$1,444,000, Nil and Nil was financed by finance lease arrangement respectively.

(c) Reconciliation of liabilities arising from financing activities

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

	Bank borrowings	**Finance lease liability**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
As at 1 April 2015	27,004	–	27,004
Changes from financing cash flows:			
Proceeds from borrowings	82,671	–	82,671
Repayments of borrowings	(94,477)	(600)	(95,077)
Interest paid	(1,168)	(37)	(1,205)
Non-cash transaction *(Note 27(b))*	–	1,444	1,444
Other changes			
Interest expenses	1,168	37	1,205
As at 31 March 2016	15,198	844	16,042
As at 1 April 2016	15,198	844	16,042
Changes from financing cash flows:			
Proceeds from borrowings	113,393	–	113,393
Repayments of borrowings	(98,198)	(415)	(98,613)
Interest paid	(939)	(22)	(961)
Other changes			
Interest expenses	939	22	961
As at 31 March 2017	30,393	429	30,822
As at 1 April 2017	30,393	429	30,822
Changes from financing cash flows:			
Proceeds from borrowings	124,776	–	124,776
Repayments of borrowings	(121,565)	(429)	(121,994)
Interest paid	(1,649)	(8)	(1,657)
Other changes			
Interest expenses	1,649	8	1,657
As at 31 March 2018	33,604	–	33,604

28 COMMITMENTS

Operating lease commitments – Group as lessee

At the end of each of the Track Record Period, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	As at 31 March 2016	As at 31 March 2017	As at 31 March 2018
	HK$'000	*HK$'000*	*HK$'000*
Within one year	435	468	432
In the second to fifth years inclusive	828	396	–
	1,263	864	432

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

29 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

Save as disclosed in Notes 18, 19, 22, 23, 24 and 25 the Historical Financial Information, management is of the view that the following entities/person are related parties of the Company and had transactions and balances with the Group during the Track Record Period.

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

Name	Relationship with the Group
Hoi Sing International (HK) Limited ("**Hoi Sing International**")	A related company which was mainly controlled and owned by Mr. Man and Mr. Ho for the year ended 31 March 2016 and up to February 2017, then this related company is controlled and owned by Mr. Man Hoi Wang, Michael ("**Mr. Michael Man**"), the son of Mr. Man and Mrs. Man.
Hoi Sing Holdings (HK) Limited ("**Hoi Sing Holdings**")	A related company controlled and owned by Mr. Man and Mrs. Man.
Haicheng Huizhou	A related company was owned by Great Gold Development Limited which is owned and controlled by Mr. Man and Mrs. Man for the year ended 31 March 2016 and up to March 2017.
Haicheng Sichuan	A related company was owned by Mr. Man for the year ended 31 March 2016 and up to March 2017.
Mr. Chung Po Wang ("**Mr. Chung**")	He was a director of Hoi Sing Decoration, a subsidiary of the Company and resigned in December 2016.

(b) Transactions with related parties

		Notes	Year ended 31 March 2016 HK$'000	Year ended 31 March 2017 HK$'000	Year ended 31 March 2018 HK$'000
Hoi Sing Holdings	Rental expenses	(i)	432	432	432
Hoi Sing International	Supply of fitting-out materials	(ii)	926	261	–
	Staff costs	(ii)	–	31	25
	Provision of fitting-out services		–	–	27
Mr. Man	Provision of fitting-out services	(ii)	39	–	116
Mr. Chung	Provision of fitting-out services	(ii)	305	52	–
Haicheng Huizhou	Purchase of materials and finished goods	(ii)	20,274	30,385	–

Notes:

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

(ii) Supply of fitting-out materials, staff costs, provision of fitting-out services and purchase of materials and finished goods are based on terms mutually agreed between the parties involved.

(c) Outstanding balances with related parties

		Notes	As at 31 March 2016 HK$'000	As at 31 March 2017 HK$'000	As at 31 March 2018 HK$'000
Haicheng Huizhou	Trade payables	(i)	2,523	3,349	–
Hoi Sing International	Trade receivables	(ii)	763	146	146
	Trade payables	(i)	–	31	–
Mr. Man	Trade receivables	(ii)	39	–	116
Mr. Chung	Trade receivables	(ii)	39	–	–
Mr. Michael Man	Trade receivables	(ii)	220	–	–

Notes:

(i) The trade payables to related parties are arising from purchase of materials and finished goods and/or staff costs. These balances are unsecured and interest-free.

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

(d) The emoluments of the directors and senior executives (representing the key management personnel) during the Track Record Periods are disclosed in Note 9.

30 CONTINGENT LIABILITIES

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Company does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

The Group had no significant contingent liabilities at the end of each of the Track Record Period.

31 SUBSEQUENT EVENTS

The following significant events took place subsequent to 31 March 2018:

(a) The Reorganisation as set out in Note 1 was completed on [•]:

(b) The Company adopted a share option scheme on [•], a summary of the terms and conditions of which are set out in the paragraph headed "Share Option Scheme" in Appendix IV "Statutory and General Information" to the Document.

(c) On [•], the authorised share capital of the Company was increased from HK$[•] to HK$[•] by the creation of an additional of [•] shares of HK$[•] each.

32 SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies comprising the Group in respect of any period subsequent to 31 March 2018.