AESO HOLDING LIMITED
艾碩控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8341)

ANNUAL REPORT 2017

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

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

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

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

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CORPORATION INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Chan Siu Chung *(Chairman)*
Mr. Au Siu Kwong
Mr. Zhang Hai Wei

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yeung Chun Yue, David
Ms. Lai Wing Sze
Ms. Yu Wan Ki

COMPANY SECRETARY

Ms. Choi Mei Bik

COMPLIANCE OFFICER

Mr. Chan Siu Chung

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Yeung Chun Yue, David *(Chairman)*
Ms. Lai Wing Sze
Ms. Yu Wan Ki

REMUNERATION COMMITTEE

Ms. Lai Wing Sze *(Chairman)*
Mr. Chan Siu Chung
Mr. Yeung Chun Yue, David

NOMINATION COMMITTEE

Mr. Chan Siu Chung *(Chairman)*
Mr. Yeung Chun Yue, David
Ms. Lai Wing Sze

AUDITORS

HLB HODGSON IMPEY CHENG LIMITED
31/F, Gloucester Tower
The Landmark
11 Pedder Street
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AUTHORISED REPRESENTATIVES

Mr. Chan Siu Chung
Ms. Choi Mei Bik

REGISTERED OFFICE

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Cayman Islands

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
DBS Bank (Hong Kong) Limited

COMPANY WEBSITE

www.aeso.hk

STOCK CODE

8341

CHAIRMAN'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS

To Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Aeso Holding Limited (the "Company"), I hereby present the audited annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2017 ("Reporting Period").

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the Reporting Period (2016:Nil).

BUSINESS REVIEW

The Company is an investment holding company and the shares of the Company (the "Shares") were listed on GEM of the Stock Exchange on 13 January 2017 by way of placing (the "Placing"). The Company's subsidiaries are principally engaged in the provision of fitting-out work for construction of newly built commercial premises and residential developments and renovation (including alteration and addition) work for existing commercial premises in Hong Kong.

During the Reporting Period, the Company submitted tenders amounting to approximately HK$1,448.8 million and 6 projects were awarded amounting to approximately HK$114 million, which include (i) a Fitting-out Project of typical flats in Wanchai with contract sum of approximately HK$40.5 million and (ii) a Renovation Project of a Government Authority with contract sum of approximately HK$15.7 million. The tenders are invited by the stable and long-term clients, including listed property developers, based on their trust to the Company and some are from new clients including those sizable developers from the PRC.

FINANCIAL REVIEW

Revenue

The Group's overall revenue decreased from approximately HK$180.4 million for the year ended 31 March 2016 to approximately HK$114.7 million for the Reporting Period, representing a decrease of approximately 36.4%. Such decrease was mainly due to delay in certification of certain payment applications by customers or delay in site construction caused by the project's main contractor.

The revenue for the Fitting-out Projects for the Reporting Period was approximately HK$39.7 million, represented a decrease of approximately 37.8% from approximately HK$63.9 million for the same period in 2016. The decrease was mainly due to delay in site construction caused by the project's main contractor of a project with a contract sum of HK$61.7 million.

The revenue for the Renovation Projects for the Reporting Period was approximately HK$75.0 million, represented a decrease of approximately 35.7% from approximately HK$116.5 million for the same period in 2016. The decrease was also due to delay in certification of certain payment applications by customers.

Cost of Services

The Group's direct cost decreased from approximately HK$148.8 million for the year ended 31 March 2016 to approximately HK$106.5 million for the Reporting Period, representing a decrease of approximately 28.4%. Such decrease was in line with the drop of revenue.

Gross Profit

The Group's gross profit amounted to approximately HK$31.6 million and HK$8.2 million for the years ended 31 March 2016 and 2017 respectively, representing a decrease of approximately 74.1%. Such decrease was in line with the drop of revenue.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK$12.3 million and HK$21.3 million for the years ended 31 March 2016 and 2017 respectively, representing an increase of approximately 73.0%. Such increase was primarily due to the bad debts arose from bankruptcy of one of our customers of approximately HK$3.4 million, legal and professional fee of approximately HK$1.6 million and rental expenses of HK$1 million incurred during the Reporting Period.

Loss/(Profit) attributable to the owners of the Company

As a result of the aforesaid, the loss attributable to the owners of the Company for the Reporting Period was approximately HK$26.7 million. The profit attributable to the owners of the Company for the year ended 31 March 2016 was approximately HK$13.7 million.

PROSPECT AND OUTLOOK

The competitive strengths of the Company, such as (i) an established track record in the market with stable and long-term client relationships with the major clients that include listed property developers; (ii) strong and stable relationships with the major suppliers and subcontractors; (iii) integrated project execution for contracting services; and (iv) a strong and experienced management team with proven track record, continuously contribute to the success of the Group.

The Group will continue focusing on the opportunities in renovation works and fitting-out works in Hong Kong, especially the Kai Tak Development (i.e. Kai Tak Outline Zoning Plan) which is a redevelopment of the former Kai Tak Airport area to a complex with a mix of community, housing, business, tourism and infrastructural uses. The Group has strengthened its capacity by completing the Fitting-out Project for a residential development in Kowloon City under project mentioned in (iii) above which proved our ability and provided a track record and job reference for Kai Tak Development scheme.

In view of the expected growth of the construction industry in Hong Kong driven by the Hong Kong Government's initiatives to increase the land supply for private housing as well as commercial buildings, the Company is still confident about the prospect of the fitting-out and renovation contracting services in Hong Kong.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operation and investments were financed principally by cash generated from its business operations, bank borrowings and equity contribution from shareholders. As at 31 March 2017, the Group had net current assets of approximately HK$49.1 million (31 March 2016: HK$22.8 million), bank balances and cash of approximately HK$10.6 million (31 March 2016: HK$9.6 million) and pledged bank deposit of approximately HK$18.3 million (31 March 2016: HK$2.0 million).

The gearing ratio of the Group as at 31 March 2017 was approximately 0.08 times (31 March 2016: approximately 0.2 times), which remained low as the Group was not in need of any material debt financing during the Reporting Period. The gearing ratio is calculated as total borrowings divided by total equity as at the respective periods.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Reporting Period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

PLEDGE OF ASSETS

Certain cash deposits of the Group of approximately HK$18.3 million as at 31 March 2017 (31 March 2016: HK$2.0 million) are charged to the bank to secure general banking facilities.

COMMITMENTS

As at 31 March 2017, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rental premises which fall due as follow:

	HK$'000
Minimum lease payments under operating leases	
Within one year	2,116
In the second to fifth year inclusive	3,147
	5,263

CAPITAL STRUCTURE

The Shares of the Company were listed on the GEM on 13 January 2017. There has been no change in capital structure of the Company since 13 January 2017.

SIGNIFICANT INVESTMENTS

As at 31 March 2017, there was no significant investment held by the Group (31 March 2016: Nil).

ACQUISITIONS AND DISPOSALS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have any acquisitions or disposals of subsidiaries and affiliated companies during the Reporting Period. Save as disclosed in the paragraphs "Comparison of Business Objectives and Actual Business Progress" of this report, the Group did not have other plans for acquisitions or capital assets.

FOREIGN EXCHANGE EXPOSURE

The Group's business operations were conducted in Hong Kong and the transactions, monetary assets and liabilities of the Group were denominated in Hong Kong dollars and United States dollars. As at 31 March 2017, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2017, the Group had 37 employees (31 March 2016: 29 employees). The remuneration policy of the employees of the Group was set up by the Board on the basis of their experience, qualifications and competence. Other employees' benefits include contributions to statutory mandatory provident funds, and housing allowance to its employees in Hong Kong.

A remuneration committee was set up for, inter alia, reviewing the Group's remuneration policy and structure for all directors and senior management of the Group.

COMPARISON OF BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives set out in the prospectus of the Company dated 30 December 2016 (the "Prospectus") with the Group's actual business progress for the period from 13 January 2017 (the "Listing Date") to 31 March 2017 is set out below:

Business objectives up to 31 March 2017	Actual Business Progress up to 31 March 2017
Further developing the Group's contracting business	The Company has utilised the proceeds in security of surety bond to new business. In addition, the Company has successfully developed a team of designers to develop, design and build projects and will keep going to enlarge the proportion of design and build projects to our overall business scale.
Acquisition of premises in Hong Kong	The Company originally intends to acquire a new premises located in Wong Chuk Hang in Hong Kong but such plans was delayed as a consequence of the shareholder's disputes. The Company is still exploring another suitable premises with favourable offer for the use as showroom/warehouse with the view of maximizing the shareholders interest.
Expansion of the Hong Kong office	Maintaining the office located at 18/F., the Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong
Decoration of the Hong Kong office	Fitted out the office located at 18/F., The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong and purchased new office equipment
Purchase of motor vehicles	Three motor vehicles were purchased for materials and transportation of staff
Further strengthening the Group's in-house team	A Marketing Manager was newly recruited from 20 January 2017

USE OF PROCEEDS FROM THE PLACING

The net proceeds from the Placing, after deducting listing related expenses, were approximately HK$40.6 million, which was different from the estimated net proceeds of approximately HK$41.6 million. The Group intends to adjust the use of net proceeds in the same manner and in the same proportion as shown in the Prospectus. An analysis of the utilisation of the net proceeds from the Listing Date up to 31 March 2017 is set out below:

	Adjusted use of net proceeds in the same manner and in the same proportion as stated in the Prospectus HK$ million	Adjusted use of net proceeds in the same manner and in the same proportion from the Listing Date up to 31 March 2017 HK$ million	Actual use of net proceeds from the Listing Date up to 31 March 2017 HK$ million
Further developing the Group's contracting business	22.8	10.0	10.0
Acquisition of premises in Hong Kong	5.7	5.7	–
Expansion of the Hong Kong office	1.7	0.3	0.3
Decoration of the Hong Kong office	1.9	1.9	1.9
Purchase of motor vehicles	1.2	1.2	1.2
Further strengthening the Group's in-house team	3.2	0.4	0.1
General working capital	4.1	1.0	1.0
Total	40.6	20.5	14.5

SHAREHOLDERS' DISPUTES

On 12 July 2017, a controlling shareholder of the Company, Acropolis Limited, which wholly-owned by Mr. Chan Siu Chung ("Mr. Chan"), filed a Petition (the "Petition") in the action HCCW 218/2017 against, amongst other respondents, the Company, another controlling shareholders, W&Q Investment Limited and Mr. Liu Chang Kien (the "Action"). Pursuant to an order (the "Order") of the Court of First Instance of the High Court of the Hong Kong Special Administrative Region dated 31 May 2018 under the Action, the joint and several provisional liquidators of the Company have been appointed with effect from the date of the Order.

On 27 March 2019, Acropolis Limited, Mr. Chan, W&Q Investment Limited and Mr. Liu Chang Kien (collectively referred to herein as "the Parties") reached a settlement agreement to the best interest of the Company. Finally, these shareholders' disputes was settled on 27 March 2019. As at 29 April 2019, the Court ordered that the Petition be dismissed by the consent of the parties as well as the joint and several provisional liquidators of the Company appointed pursuant to the Order be released.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Trading in the shares of the Company on the Stock Exchange has been suspended at the direction of the Stock Exchange since 12 June 2017. On 22 September 2017, the Company received a letter from the Stock Exchange, in which the Stock Exchange stated the following conditions for the resumption of trading in the shares of the Company (the "Resumption Conditions"):

(1) Demonstrate to have a valid board of directors in accordance with the Company's articles of association;

(2) Address the allegation about the lack of an open market in the Company's shares required under Rule 11.23(7) of the GEM Listing Rules;

(3) Publish all outstanding financial results as required under the GEM Listing Rules and address any audit qualifications;

(4) Inform the market of all material information relating to the Company; and

(5) Have the winding-up petitions against the Company withdrawn or dismissed and provisional liquidators discharged.

To the best knowledge of the Board, (i) the Company has a valid board of directors in accordance with the Company's articles of association; and (ii) the winding-up petitions against the Company was withdrawn and the provisional liquidators was discharged. Therefore, Resumption Conditions (1) and (5) have been satisfied. The Company shall take appropriate steps to fulfill the outstanding Resumption Conditions as soon as practicable and will keep its shareholders of the Company and potential investors informed of the progress as and when appropriate.

APPRECIATION

On behalf of the Board, I wish to take this opportunity to thank our management and staff for their continuous loyalty, dedication and contributions throughout the year. I would also like to express my sincere gratitude to our shareholders, Clients, business partners, banker, suppliers and subcontractors for their continuous support to the Group.

Aeso Holding Limited
Chan Siu Chung
Chairman

Hong Kong, 27 June 2019

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chan Siu Chung（陳少忠先生）, aged 44, is the founder, the chairman of the Group. He was appointed as the executive Director and the chairman of the Company on 14 December 2015 and 6 May 2016 respectively. Mr. Chan has nearly 22 years of experience in the building and construction industry, especially in the field of fitting-out and renovation (including alteration and addition) works. Mr. Chan obtained a bachelor of science degree in construction economics and management from The Hong Kong Polytechnic University in Hong Kong in 1997 and a master of science degree in construction project management from The University of Hong Kong in Hong Kong in 2006. He is primarily responsible for the overall strategic development, management of the Group, managing client relationship and business marketing. He is one of the founders of Aeso Limited, the operating subsidiary of the Company, and is currently its executive director and project director.

Mr. Chan has been a member of The Hong Kong Institute of Surveyors and a professional member of The Royal Institution of Chartered Surveyors since March 2001. He has been a registered professional surveyor since January 2011.

Mr. Au Siu Kwong（區紹江先生）, aged 56, joined the Group in May 2013 and currently serves as the chief project manager of the Group and is primarily responsible for the overall operation of the Group's construction management business and management of relevant site work. Mr. Au has over 20 years of senior managerial experience in the building and construction industry of which 7 years working as chief project manager in the Group, 5 years working as project manager and 8 years working as a site supervisor of several sizeable companies which mainly carries on construction and engineering business. Mr. Au is member of Hong Kong Professional Building Inspection and has obtained several construction related qualifications including but not limited to, ISO 9000 quality systems internal auditing course for in-service construction personnel, qualified site supervisors as technically competent persons, site safety supervisors, environment protection for construction supervisors.

Mr. Zhang Haiwei（張海威先生）, aged 35, joined the Group in May 2019. He obtained a Bachelor Degree of Engineering in automation from Guangdong University of Technology. Mr. Yang has over 10 years of experience in business development and management and had held senior management positions in several enterprises. Prior to joining the Group, Mr. Zhang was a chief operating officer of a sizeable company in the PRC and he was mainly responsible for the company's building management and interior design projects involving application of automation technologies.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yeung Chun Yue, David（楊振宇先生）, aged 37, joined the Group in April 2019. He obtained a bachelor degree of business administration (Honors) in Accountancy from the City University of Hong Kong. Mr. Yeung is a practicing member of the Hong Kong Institute of Certified Public Accountants. He has over 14 years' experience in the accounting, auditing and taxation field and he is currently the director of a sizeable CPA firm. He is currently the committee member of the Panyu Committee of Chinese People's Political Consultative Conference.

Mr. Yeung was also an independent non-executive director of Mega Expo Holdings Limited (stock code: 1360), a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited from December 2014 to March 2017.

Ms. Lai Wing Sze（黎穎絲女士）, aged 30, joined the Group in May 2019. She obtained a bachelor degree of arts from the University of Derby. Ms. Lai has extensive working experience in Hong Kong and overseas. Prior to joining the Company, Ms. Lai had held various managerial and supervisory positions in certain multinational corporations.

Ms. Yu Wan Ki（余韻琪女士）, aged 31, joined the Group in May 2019. She obtained a Bachelor Degree of Mass Communication in Journalism and Public Relations from Curtin University of Technology, Western Australia. Ms. Yu has more than 10 years of working experience in different industries including IT Consulting and international export. She is currently a managing director of a company engaging in IT consulting.

SENIOR MANAGEMENT

Mr. Chiu Fu Keung（趙富強先生）, aged 51, is the financial controller of the Group and primarily responsible for the Group's finance matters. Mr. Chiu joined the Group in December 2015. Mr. Chiu has more than 30 years of experience in finance and accounting.

Mr. Chiu obtained a master of accounting degree from Curtin University of Technology in September 2003. Mr. Chiu has been a fellow member of The Association of International Accountants, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Ms. Cheng Nga Lai（鄭雅麗女士）, aged 45, is the senior operating manager of the Group. Ms. Cheng joined our Company in May 2008. She is primarily responsible for formulating and implementing internal and regulatory manuals and assisting our executive Directors and project managers in operation and contract management. Ms. Cheng has over 20 years of experience in the building and construction industry.

Ms. Cheng obtained a bachelor of science degree in construction economics and management from The Hong Kong Polytechnic University in Hong Kong in 1997.

Mr. Cheung Hiu Tung (張曉東先生), aged 42, is the quantity surveying manager of the Group. Mr. Cheung joined the Group in October 2008. He is primarily responsible for overseeing our operations in quantity surveying. Mr. Cheung has more than 20 years of experience in the building and construction industry.

Mr. Cheung completed a 75-day Measurement Technician Training Course delivered by Construction Industry Training Authority in Hong Kong in November 1996. He obtained a certificate in quantity surveying and a higher certificate in quantity surveying from Hong Kong Institute of Vocational Education in Hong Kong in July 2000 and July 2002, respectively.

COMPANY SECRETARY

Ms. Choi Mei Bik (蔡美碧女士), aged 37, has been appointed as the company secretary of the Company from 14 May 2019. Ms. Choi graduated from the City University of Hong Kong with a Bachelor of Business Administration (Honours) in Accountancy and is a member of the Hong Kong Institute of Certified Public Accountants.

INTRODUCTION

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Company's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value.

CORPORATE GOVERNANCE PRACTICES

The corporate governance principles of the Company emphasise a quality Board, sound internal controls, transparency and accountability to all shareholders. By applying rigorous corporate governance practices, the Company believes that its accountability and transparency will be improved thereby instilling confidence to the shareholders of the Company and the public. Throughout the Reporting Period, the Company has complied with the code provisions in the Corporate Governance Code ("CG Code") set out in Appendix 15 to the GEM Listing Rules except for the following deviations:

Provisions A.2.1, A.2.2 and A.2.3 of the CG Code

Under provision A.2. l of the CG Code, the role of the Chairman and the Chief Executive Officer should be performed by separate individuals. Mr. Chan Siu Chung is the Chairman who provides leadership for the Board. According to Provisions A.2.2 and A.2.3 of the CG Code, Mr. Chan Siu Chung as the Chairman ensures that all directors are properly briefed on issued arising at board meetings, and receive adequate information, both complete and reliable, in a timely manner. The executive directors of the Company collectively oversees the overall management of the Group in each of their specialized executive fields, which fulfils the function of Chief Executive Officer in substance. Therefore, the Company currently has not appointed its Chief Executive Officer to avoid the duplication of duties.

Provision A.2.7 of the CG Code

Provision A.2.7 of the CG Code requires the chairman of the Board to hold meetings at least annually with the independent non-executive Directors without the executive Directors present. During the Reporting Period, the Chairman did not hold meeting with the independent non-executive Directors without the executive Directors present. The Chairman confirms that he will hold meeting with the independent non-executive Directors annually in the absence of the executive Directors.

Provisions A.1.3 and A.7.1 of the CG Code

Provisions A.1.3 and A.7.1 of the CG Code stipulate that 14-day notice should be given for each regular board meeting and that in respect of regular meetings, and so far as practicable in all other cases, an agenda and accompanying board papers should be sent in full to all directors in a timely manner and at least 7 days before the intended date of a board or board committee meeting (or such other period as agreed). The Company agrees that sufficient time should be given to the directors in order to make a proper decision. In these respects, the Company adopts a more flexible approach (and yet sufficient time has been given) in convening board meetings to ensure efficient and prompt management decisions could be made.

Provisions E.1.2 and E.1.3 of the CG Code

Provisions E.1.2 and E.1.3 of the CG Code set out the requirements on a company in relation to effective communication with shareholders by annual general meeting. During the Reporting Period, the Company did not hold annual general meeting. An annual general meeting of the Company for the year 2019 will be arranged in due course in accordance with relevant requirements under Provisions E.1.2 and E.1.3 of the CG Code.

CORPORATE GOVERNANCE REPORT

THE BOARD OF DIRECTORS

Composition

The Board, which comprised six Directors as at the date of this corporate governance report, is collectively responsible for supervising the management of the business and affairs of the Company and the Group. Biographical details of the current Directors are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

As at 31 March 2017, the Board had two executive Directors, namely Mr. Chan Siu Chung (Chairman) and Mr. Cheung Hiu Tung, two non-executive Directors, namely Ms. Zhang Qi and Mr. Law Wing Kit and three independent non-executive Directors, namely Mr. Lee Chi Chung, Mr. Or Chun Man and Mr. Leung Ka Kui, Johnny.

The presence of three independent non-executive Directors is considered by the Board to be a reasonable balance between executive and non-executive Directors. The Board is of the opinion that such balance can provide adequate checks and balances for safeguarding the interests of the shareholders and the Company. The independent non-executive Directors provide to the Company a wide range of expertise and experience so that independent judgement can be effectively exercised and the interests of all shareholders will be taken into account. They are also responsible for participating in Board meetings, dealing with potential conflicts of interest, serving on the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee, scrutinizing the Company and the Group's performance and reporting. They provide their valuable skills, expertise and experience to the Board and the committees on which they serve so that the management process can be critically reviewed and controlled.

As at the date of this corporate governance report, at least one of the independent non-executive Directors has the appropriate professional qualifications or accounting or related financial management expertise.

Board Diversity

With the view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element. The Board has adopted a board diversity policy in compliance with Provision A.5.6 of the CG Code. All Board appointments have been and will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Nomination and selection of candidates for Board membership by the Nomination Committee have been and will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The Nomination Committee is of the opinion that a balanced diversity of the Board has been achieved as at the date of this corporate governance report.

Board Meetings

Board meetings are held at least 4 times every year. At least 7 days' notices of regular Board meetings are given to all Directors and all Directors will be all given an opportunity to include matters in the agenda for discussion. The company secretary of the Company ("Company Secretary") assists the Chairman in preparing the agenda for the meetings and ensures that all applicable rules and regulations in connection with the meetings are observed and complied with. The finalised agenda and accompanying board papers are then sent to all Directors at least 1 days' prior to the meetings.

During the Reporting Period, 12 Board meetings were held and the following is an attendance record of the meetings by each Director:

Attendants	Number of meetings attended	Attendance percentage
Executive Directors		
Chan Siu Chung *(Chairman)*	12/12	100%
Cheung Hiu Tung (appointed on 29 April 2016 and removed on 12 June 2017)	11/12	92%
Non-executive Directors		
Zhang Qi (appointed on 8 April 2016, removed on 9 June 2017 and re-appointed on 12 June 2017)	12/12	100%
Law Wing Kit (appointed on 29 April 2016, removed on 9 June 2017, re-appointed on 12 June 2017 and resigned on 3 April 2019)	10/12	83%
Independent non-executive Director		
Lee Chi Chung (appointed on 22 December 2016 and removed on 12 June 2017)	6/12	50%
Or Chun Man (appointed on 22 December 2016 and resigned on 8 June 2017)	6/12	50%
Leung Ka Kui, Johnny (appointed on 22 December 2016 and resigned on 8 June 2017)	5/12	42%

During the regular meetings of the Board, the Directors discuss and formulate the overall strategies of the Company and the Group, monitor financial performances, and discuss and decide on other significant matters. The execution of daily operational matters is delegated to the management of the Group.

The Company records the proceedings of each Board meeting in details by keeping minutes, including the record of all decisions of the Board together with concerns raised and dissenting views expressed (if any) during the meeting. Drafts of Board minutes are circulated to all Directors for comment and approval as soon as practicable after the meeting. All minutes are open for inspection at any reasonable time on request by any Director. All Directors have access to relevant and timely information at all times as the Chairman ensures that the management will supply the Board and its committees with all relevant information in a timely manner. They may make further enquiries if it is in their opinion necessary or appropriate to request for further information. They also have unrestricted access to the advice and services of the Company Secretary, who is held responsible for providing Directors with board papers and related materials and ensuring that all proper Board procedures and all applicable laws and regulations are followed and complied with. If considered necessary and appropriate by the Directors, they may retain independent professional advisers at the company's expense.

In case where a conflict of interest may arise involving a substantial shareholder of the Company or a Director, such matter will be discussed in a physical meeting and will not be dealt with by way of written resolutions. Independent non-executive Directors with no conflict of interest will be present at such meetings dealing with the conflict issue.

The Board committees, including the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee, have all adopted the applicable practices and procedures used in Board meetings for all committee meetings.

Shareholders' Meetings

The annual general meeting and other general meetings of the Company are the primary forum for communication between the Company and its shareholders and an opportunity for shareholders' participation. All shareholders are encouraged to attend the general meetings or to appoint proxy(ies) to attend and vote at such meetings on their behalf if they are unable to attend the meetings.

During the Reporting Period, the Company did not hold any general meeting. An annual general meeting of the Company for the year 2019 will be arranged in due course in accordance with relevant requirements under Provisions E.1.2 and E.1.3 of the CG Code.

The Chairman

The Chairman, Mr. Chan Siu Chung, is responsible for the Company's and the Group's overall strategy and business development. The Chairman determines the broad strategic direction of the Group in consultation with other Directors and is responsible for the macro top-level decisions with regard to the overall business directions of the Company and the Group.

The Company Secretary

Mr. Ng Yu Ho ("Mr. Ng") was the company secretary of the Company since 23 June 2016 and was resigned on 9 June 2017. Mr. Ng is a member of the Hong Kong Institute of Certified Public Accountants.

Since there is no available record, the current Board cannot confirm that Mr. Ng had complied with Rule 5.15 of the GEM Listing Rules, taking no less than 15 hours of relevant professional training during the Reporting Period.

Training and Support for Directors

All Directors, including the independent non-executive Directors, must keep abreast of their collective responsibilities as directors and on the business of the Group. As such, the Group provides a comprehensive and formal induction to each newly appointed Director upon his/her appointment. Briefings and orientations are provided and organised to ensure that new Directors are familiar with the role of the Board, their legal and other duties as directors as well as the business and governance practices of the Company and the Group. Such programme are tailored to each Director taking into account his/her background and expertise. The Company Secretary and the compliance officer of the Company will continuously update all Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance of the same by all Directors.

All Directors shall also participate in continuous professional development programme provided or procured by the Group, such as external seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. Records of the trainings received by the Directors are kept and updated by the Company Secretary and the compliance officer of the Company.

Each Director will, upon his/her first appointment and thereafter on a regular basis, disclose to the Company the number and nature of offices held by such Director in public companies and organisations and other significant commitments.

During the Reporting Period, the Directors participated in continuous professional developments in relation to regulatory update, the duties and responsibilities of the Directors and the business of the Group as follows:

Name of Directors	Attendance seminars or briefing/read materials
Executive Directors	
Chan Siu Chung *(Chairman)*	✓
Cheung Hiu Tung (appointed on 29 April 2016 and removed on 12 June 2017)	N/A
Non-executive Directors	
Zhang Qi (appointed on 8 April 2016, removed on 9 June 2017 and re-appointed on 12 June 2017)	N/A
Law Wing Kit (appointed on 8 April 2016, removed on 9 June 2017 and re-appointed on 12 June 2017)	N/A
Independent non-executive Directors	
Lee Chi Chung (appointed on 22 December 2016 and removed on 12 June 2017)	N/A
Or Chun Man (appointed on 22 December 2016 and resigned on 8 June 2017)	N/A
Leung Ka Kui, Johnny (appointed on 22 December 2016 and resigned on 8 June 2017)	N/A

The Company had received from Mr. Chan Siu Chung the confirmation on taking continuous professional development. Since there is no available record, the current Board cannot confirm that other Directors had complied with the requirement of the CG Code on Directors' continuous professional development.

Directors' Securities Transactions

The Company has adopted procedures governing Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

The Directors during the Reporting Period were Mr. Chan Siu Chung, Mr. Cheung Hiu Tung, Ms. Zhang Qi, Mr. Law Wing Kit, Mr. Lee Chi Chung, Mr. Or Chun Man, and Mr. Leung Ka Kui, Johnny. The Company has made specific enquiries of which Mr. Chan Siu Chung has confirmed that he has complied with the required standards of dealings set out in the GEM Listing Rules during the Reporting Period. Since the former Directors (Mr. Cheung Hiu Tung, Ms. Zhang Qi, Mr. Law Wing Kit, Mr. Lee Chi Chung, Mr. Or Chun Man, Mr. Leung Ka Kui, Johnny) were resigned or removed before the date of this report, the current Board cannot confirm whether they had complied with the required standards of dealings set out in the GEM Listing Rules during the Reporting Period.

Remuneration Committee

The Remuneration Committee was established during the Reporting Period. The chairman of the committee is Mr. Lee Chi Chung, an independent non-executive Director. Other members of this committee include Mr. Or Chun Man, being an independent non-executive Director and Mr. Leung Ka Kui, Johnny, being an independent non-executive Director.

The Remuneration Committee is responsible for formulating and recommending to the Board the remuneration policy, making recommendation to the Board on remuneration packages of the Directors and senior management of the Group, as well as reviewing and making recommendation on the Company's share option scheme, bonus structure, provident fund and other compensation-related issues. This committee consults with the Chairman on its proposals and recommendations and has access to independent professional advice if necessary. The Remuneration Committee is also provided with other resources enabling it to discharge its duties.

The specific terms of reference of the Remuneration Committee are posted on websites of the Company and of the Stock Exchange. The Remuneration Committee meets at least once a year.

During the Reporting Period, no Remuneration Committee meeting was held.

Nomination Committee

The Nomination Committee was established during the Reporting Period. The chairman of the committee is Mr. Chan Siu Chung, the Chairman and an executive Director. Other members of this committee include Mr. Lee Chi Chung, David and Mr. Leung Ka Kui, Johnny, all being independent non-executive Directors.

The duties of the Nomination Committee include reviewing the structure, size and composition of the Board at least annually, making recommendations on any proposed changes to the Board to complement the Company and the Group's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals to be nominated for directorship, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for the Directors, in particular the Chairman.

Shareholders may also propose a person for election as Director at the general meetings of the Company pursuant to the articles of association of the Company ("Articles"). The procedures for shareholders to nominate directors are posted on the website of the Company.

The specific terms of reference of the Nomination Committee are posted on the websites of the Company and of the Stock Exchange.

During the Reporting Period, no Nomination Committee meeting was held.

Term of Appointment and Re-election of Directors

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years, thereafter continuous until terminated by either party giving to the other not less than three months' notice in writing, or by payment of three months' salary in lieu of such notice.

Each of the independent non-executive Directors has been appointed for a term of three years unless terminated by one month's notice in writing.

All Directors, including the executive and independent non-executive Directors, would retire from office by rotation and are subject to re-election at the annual general meeting once every three years pursuant to the Articles. In accordance with Article 113 of the Articles, Directors appointed by the Board as an addition to the existing Board shall hold office only until the forthcoming general meeting of the Company and be subject to re-election.

Audit and Risk Management Committee and Accountability

The Board is responsible for presenting a balanced, clear and comprehensive assessment of the performance and prospects of the Company and the Group. The Board is also responsible for preparing the accounts of the Company, which shall give a true and fair view of the financial position of the Group on a going-concern basis, and other inside information announcements and other financial disclosures. The management of the Group provides all relevant information and records to the Board enabling it to conduct the above assessment and to prepare the accounts and other financial disclosures.

The Audit and Risk Management Committee established during the Reporting Period, was chaired by Mr. Or Chun Man, an independent non-executive Director and the other members include Mr. Lee Chi Chung and Mr. Leung Ka Kui, Johnny, all being independent non-executive Directors of the Company.

The Audit and Risk Management Committee's primary duties include ensuring that the Company's financial statements, annual, interim and quarterly reports and the auditor's report present a true and balanced assessment of the Company's and the Group's financial position; reviewing the Company's and the Group's financial control, internal control and risk management systems; and reviewing the Company's financial and accounting policies and practices. Other duties of the Audit and Risk Management Committee are set out in its specific terms of reference which are posted on the websites of the Company and of the Stock Exchange. The Audit and Risk Management Committee is provided with sufficient resources enabling it to discharge its duties.

The Audit and Risk Management Committee reviewed the Group's accounting principles, practices and compliance and financial report matters including the review of the audited financial statements for the Reporting Period.

During the Reporting Period, 1 Audit and Risk Management Committee meeting was held and the following is an attendance record of the meetings by each Director:

Attendants	Number of meetings attended	Attendance percentage
Lee Chi Chung (appointed on 22 December 2016 and removed on 12 June 2017)	1/1	100%
Or Chun Man (appointed on 22 December 2016 and resigned on 8 June 2017)	1/1	100%
Leung Ka Kui, Johnny (appointed on 22 December 2016 and resigned on 8 June 2017)	1/1	100%

Directors' responsibility in preparing consolidated financial statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements and ensuring that the preparation of the accounts is in accordance with statutory requirements and applicable standards.

The statement of the auditors of the Company in relation to their reporting responsibilities for the consolidated financial statements is set out in the Independent Auditor's Report on pages 43 to 48 of this annual report.

Going Concern

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue its operational existence for the foreseeable future and for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Corporate Governance Function

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as determining, developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc.

Auditors

HLB HODGSON IMPEY CHENG LIMITED ("HLB") is the current external auditors of the Company. For the year ended 31 March 2017, a remuneration of HK$500,000 was payable to HLB for the provision of audit services to the Group.

Delegation by the Board

The Board is responsible for making decisions in relation to the overall strategic development of the Group's business. All Directors have formal service contracts or letters of appointment setting out key terms and conditions regarding their appointments. Due to the diversity and volume of the Group's business, responsibility in relation to the daily operations and execution of the strategic business plans are delegated to management of the Group.

All Board committees, namely the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee, have specific terms of reference clearly defining the authorities and responsibilities of the respective committees. All Board committees are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any actions.

The Board review, on a yearly basis, all delegations by the Board to different Board committees to ensure that such delegations are appropriate and continue to be beneficial to the Company and its shareholders as a whole.

Shareholder Relations

The Company is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its shareholders. The commitment to fair disclosure and comprehensive and transparent reporting of the Group's activities can be reflected in many aspects.

The annual general meeting of the Company provides a useful forum for shareholders of the Company to exchange views with the Board. All the Directors make an effort to attend the Company's general meetings so that they may answer any questions from the shareholders.

The proceedings of the annual general meeting are reviewed from time to time to ensure the Company conforms to the best practices regarding corporate governance. The relevant circular, which is circulated to all shareholders at least 21 days prior to the holding of the annual general meeting, sets out the details in relation to each resolution proposed, voting procedures and other relevant information.

The Company also communicates with its shareholders through its annual, interim and quarterly reports and by means of announcement and circular if and when necessary. The Directors, the Company Secretary or other appropriate members of the senior management also respond promptly to inquiries from shareholders and potential investors of the Company.

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 general 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.aeso.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.

Procedures for convening general meetings

Subject to the Articles, the GEM Listing Rules and the applicable laws and regulations, shareholders of the Company may convene general meetings of the Company in accordance with the following procedures:

1. Shareholders holding not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company as at the date of deposit of the requisition ("Requisitionists") may require the Board to convene a general meeting of the Company by depositing written requisitions at the principal office of the Company in Hong Kong at 18TH Floor, The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong specifying the business to be transacted in such meeting and signed by the Requisitionists. Such meeting shall be held within two months after the deposit of such requisition.

2. If within 21 days of such deposit, the Board fails to proceed to convene the meeting, the Requisitionist(s) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to the Requisitionist(s) by the Company.

Procedures for sending enquiries to the Board

The Company established a shareholders' communication policy which had been uploaded to the Company's website (http://www.aeso.hk) and details could be found in the policy.

Shareholders may also send their enquiries and concerns to the Board by addressing them to the Company Secretary by post to the principal office of the Company in Hong Kong at 18TH Floor, The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong.

Investor relations

The Company is committed to a policy of open and timely disclosure of corporate information to shareholders and potential investors. The Company updates shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports, notices, announcements and circulars. The Company's website (www.aeso.hk) provides a communication platform to the public and the shareholders.

To strengthen its relationship with investors, the Company regularly meets with analysts and holds interviews with reporters and columnists of the press and other economic journals.

Constitutional documents

During the Reporting Period, there was no significant change in the Memorandum and the Articles of the Company.

Dividend Policy

The Company has adopted a dividend policy as at the date of this annual report (the "Dividend Policy"). According to the Dividend Policy, it is the policy of the Board, in considering the payment of dividends, to allow shareholders of the Company to participate in the Company's profits whilst preserving the Company's liquidity to capture future growth opportunities.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall consider the following factors before declaring or recommending dividends:

(a) the Company's actual and expected financial performance;

(b) retained earnings and distributable reserves of the Company and each of the members of the Group;

(c) the Group's working capital requirements, capital expenditure requirements and future expansion plans;

(d) the Group's liquidity position;

(e) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and

(f) other factors that the Board may considered relevant.

The payment of dividend by the Company is also subject to any restrictions under the Cayman Island laws and the Company's articles of association.

The Board will continually review the Dividend Policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earning, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review 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 Group appointed World Link Corporate Finance Limited ("World Link") to:

- assist in identifying and assessing the risks of the Group through a series of workshops and interviews for the Reporting Period; and

- independently perform internal control review and assess effectiveness of the Group's risk management and internal control systems for the Reporting Period.

The results of the independent review and assessment were reported to the Audit and Risk Management Committee and the Board. Moreover, improvements in internal control and risk management measures as recommended by World Link to enhance the risk management and internal control systems of the Group and mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of World Link as well as the comments of the Audit and Risk Management Committee, the Board considered that the internal control and risk management systems of the Group are effective and adequate.

The Group has established internal control procedures for the handling and dissemination of inside information in order to comply with Chapter 17 of the GEM Listing Rules as well as Part XIVA of the SFO. The internal control mechanism includes information flow and reporting processes, confidentiality arrangements, disclosure procedures and staff training arrangements, etc.

Our Enterprise Risk Management Framework

The Group has established its enterprise risk management framework in 2017. While the Board has the overall responsibility to ensure that sound and effective internal controls are maintained, management is responsible for designing and implementing an internal control system to manage all kinds of risks faced by the Group.

Through the risk identification and assessment processes, risks are identified, assessed, prioritised and allocated treatments. The risk management framework follows the COSO Enterprise Risk Management – Integrated Framework, which allows the Board and management to manage the risks of the Group effectively. The Board receives regular reports through the Audit and Risk Management Committee which oversees risk management and internal audit functions.

Principal Risks

During the Reporting Period, the following principal risks of the Group were identified and classified into strategic risks, operational risks and compliance risks.

Risk Areas	Principal Risks
Strategic Risks	Entry barriers are low to new competitors – Competition has intensified in the fitting-out and renovation industry in Hong Kong. New participants could enter the industry if they have the appropriate skills, local experience, necessary machinery and capital and/or are granted the requisite licenses by the relevant regulatory bodies. The Group faces competition from other contractors or new comers in the submission of tender for construction contracts who are able to offer services of higher quality at lower prices. Increased competition may lead to lower profit margins and loss of market share, and adversely impact the Group's profitability and operating results.
Operational Risks	Profit warning was announced for 2017 Q3 Quarterly report – The loss of $8.3 million (2016/3/31: Profit of $12.7 million) was as a result of (i) the estimated listing expenses of approximately HK$8.7 million recorded for the Period, which are one-time non-recurring expenses, and (ii) the timing of revenue recognition in respect of two projects, the construction progress of which has been delayed where such delay caused a decrease in revenue by 34%.
Compliance Risks	As a contracting service provider, in order to perform business operation, the Group have to procure the subcontractors to, comply with a number of construction, safety, building and environmental protection laws, regulations and requirements in Hong Kong.

Our Risk Control Mechanism

The risk management activities of the Group are performed by management on an ongoing process. The effectiveness of the risk management framework will be evaluated at least annually, and periodic management meeting is held to update the progress of risk monitoring efforts. Management is committed to ensure that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

The Company will continue to engage external independent professionals to review the Group's systems of internal controls and risk management annually and further enhance the Group's internal control and risk management systems as appropriate.

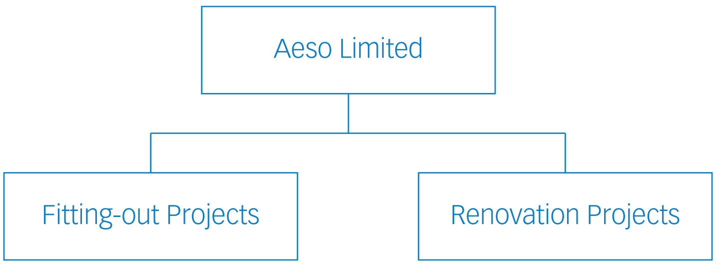
There is currently no internal audit function within the Group. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. Nevertheless, the Directors will continue to review at least annually the need for an internal audit function.

ABOUT AESO

Aeso Holding Limited ("Aeso" or the "Group") was established in December 2015 and has been listed on the Growth Enterprise Market of the Hong Kong Stock Exchange since January 2017 (Stock Code: 8341). The Group is principally engaged in the provision of fitting-out and renovation services (including alteration and addition) in Hong Kong. Aeso provides contracting services for the fitting-out work in new commercial premises and residential developments as well as the renovation work (including alteration and addition) in existing commercial premises.

During the reporting period, Aeso has been awarded seven new contracts with a contract value of approximately HK$148,770,830. The Group has already completed one of these new contracts.

Business Segment of the Group



ABOUT THIS REPORT

This is the first Environmental, Social and Governance Report issued by Aeso. It sets out the Group's actions and performance on sustainability issues in a transparent and open manner with the intention of increasing stakeholders' confidence in and understanding of the Group.

Reporting Year

Information in the report reflects the performance of Aeso in environmental stewardship and social responsibility between April 2016 and March 2017. In the future, the Group will publish the Environmental, Social and Governance Report on an annual basis and make it available to the public at any time to enhance transparency and accountability.

Reporting Boundary

This report focuses on Aeso's business in fitting-out and renovation projects in Hong Kong, covering all operations of the Group. The Group will conduct a carbon assessment next year to further refine and standardize the indicators for reporting, and will extend the scope of disclosures when the data collection system is better established and when environmental, social and governance work is strengthened.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Reporting Guideline

The report is published in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Guide") issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The report outlines the environmental, social and governance performance of Aeso in a concise manner. Information contained herein is sourced from the official documents and statistical data of the Group, and is aggregated from the monitoring, management and operational information provided by the subsidiaries in accordance with the relevant rules of the Group. A complete index is inserted in the last chapter of the report for reference. The report is written in the Chinese and English languages and both are uploaded onto the Group's website at www.aeso.hk. In case of any conflict or inconsistency between the Chinese version and the English version, the English version shall prevail.

We Value Your Feedback

Our continuous improvement relies on your valuable feedback on both the content and the form of this report. If you have any questions or comments, please send us your views via info@aeso.hk to help with our continued improvement in environmental, social and governance performance.

MANAGEMENT MESSAGE

"Seize the opportunities to achieve Aeso's sustainability."

As an organization that embraces sustainability as part of its core values, we welcome this opportunity to publish our first stand-alone Environmental, Social and Governance Report. We believe that sustainability is a core competency for our long-term development in the competitive fitting-out and renovation industry. With the aspiration to become a market leader in the fitting-out and renovation sector in Hong Kong, we endeavor to provide our customers with high quality services.

Aeso recognizes the contribution of our staff and consider the teamwork of our people to be an important element of our journey towards sustainability. Hence, we are committed to providing them with healthy and safe working conditions and a value-added learning platform where staff feel a high level of job satisfaction.

Supply chain management is a decisive factor for each project's progress. Aeso will increase the transparency of supply chain management while maintaining its relationship with current suppliers, contractors and sub-contractors. In order to reduce risks in the supply chain, we will optimize the supply chain within the Group, expand partner network and obtain greater flexibility of products supplies and services.

Aeso fully understands that the quality of projects is one of the most significant ways to obtain clients' trust and build our credibility and reputation within the industry. We conduct project inspections regularly to ensure good progress and quality.

Looking forward, the Group will improve the disclosure of environmental aspects, provide high quality services and continuously innovate and promote sustainable development in our business.

By order of the Board
Aeso Holding Limited
Chan Siu Chung
Executive Director and Chairman

STAKEHOLDER ENGAGEMENT

The Stock Exchange has set forth four principles for reporting in the ESG Guide: Materiality, Quantitative, Balance and Consistency. These should form the basis for preparing the Environmental, Social and Governance Report. As the Stock Exchange emphasizes, stakeholder engagement is the method by which materiality is assessed. Through stakeholder engagement, companies can understand wide ranging views and identify material environmental and social issues.

Aeso's business activities involve a diverse range of stakeholders. Stakeholders refer to groups and individuals materially influencing or affected by the Group's business. The table below indicates key stakeholders of the Group as well as the engagement channels used by the Group to communicate with them during the reporting year.

Stakeholders and Stakeholder Engagements in the Reporting Period

Internal Stakeholders	External Stakeholders
• Board of Directors • Senior Management • Office Staff • Site Staff	• Shareholders • Customers • Suppliers • Contractors • Bankers • Professional Consultants

Engagement Methods:
Meeting, Email, Financial Reports, Company's website, Announcements

For the preparation of this report, Aeso commissioned a professional consultancy firm to conduct the materiality analysis in the form of management interviews. With expert advice, the Group has identified the material aspects for this report, and these will in turn guide the formulation of the Group's sustainability roadmap.

The business operations of Aeso affect different stakeholders, who may have different expectations of the Group. To enhance the materiality analysis, the Group will continue to expand stakeholder engagement to collect a diverse range of stakeholders' views through various activities. At the same time, the Group will consider advancing the reporting principles of Quantitative, Balance and Consistency, in order to present the report in a way that continues to improve alignment with stakeholder expectations.

PROTECTING THE ENVIRONMENT

Based on the nature of Aeso's business in fitting-out and renovation projects, the Group has set forth a wide list of environmental policies for office operations and site work operations. In terms of environmental impact, the Group will focus more on the emissions from the operation of site works and resource use in the office.

Emissions

Aeso has in place a Site Safety Management Policy which outlines measures for environmental protection. Due to the nature of our business, the Group pays particular attention to the management of air pollution, noise pollution and waste disposal.

Aspects	Air Pollution Control	Noise Pollution Control	Waste Disposal Control
Measures	• Erection of hoarding along the site boundary with effective dust screens, sheeting or netting • Watering of any dusty materials before loading and unloading • Dusty loads on vehicles to be covered by tarpaulins and vehicle washing facilities to be provided at all site exits to wash away dusty materials from vehicle bodies and wheels • Vacuum cleaners rather than blowers used to clean dust on site	• Works that create loud noise to be carried out during the daytime only • Idle equipment to be turned off as soon as possible • Staff training regarding internal noise control policy and procedures • Routine maintenance of machinery and equipment to reduce noise • Sound insulators inserted under machinery to reduce noise caused by mechanical vibration • Use of noise-proof facilities	• Adopt 3R (Reuse, Recycle, Reduce) principles to minimize waste generation • Set up four waste segregation tanks (i.e.,1. hazardous and recyclable waste; 2. hazardous and non-recyclable waste; 3. non-hazardous and recyclable waste; 4. non-hazardous and non-recyclable waste) for proper handling • Waste paper, including obsolete catalogues, is collected for recycling • All construction waste is handled by authorized third parties

Wastewater from site operations is mainly produced from flushing and cleaning. Aeso will continue to explore and implement measures to reduce wastewater at source. In addition, the Group strives to reduce its water consumption at office and site operations. Slogans were displayed to encourage staff to preserve water.

Climate change poses unprecedented challenges to global economic development. Extreme weather brought about by climate change directly or indirectly affects the ability of different institutions to access resources and sustain operations. Moving forward, Aeso will measure its greenhouse gas emissions annually, and will develop carbon reduction targets.

Use of Resources

Aeso is committed to improving resource use efficiency and minimizing waste generation within our operations. In this regard, the Group has in place an Office Manual providing guidance particularly on water and energy usage.

Water is one of our most valuable natural resources. All staff are encouraged to reduce water usage and save water. During the reporting period, the total water consumption at the office was around 50 m^3.

As part of Aeso's commitment to minimizing the impacts of its operations that may contribute to climate change, the Group has implemented various energy-saving measures in the office. The Group has replaced 90% of the conventional lights with LED lights and installed energy efficient refrigerators.

Environment and Natural Resources

Aeso strives to minimize the negative impact of its operations on the environment. It is part of the Group's strategic plan to further enhance its environmental management and performance by formulating an Environmental Policy that provides clearer guidelines to all staff and key business partners.

During the reporting period, there were no non-compliance cases regarding violation of relevant laws and regulations at Aeso.

CARE FOR STAFF

Employment

Staff are Aeso's most valuable part and the cornerstone of it business.The Group believes that every member of staff should be respected. The Group has included employment policies in the Human Resources and Payroll Policy, covering the aspects of compensation and dismissal, recruitment and promotion, working hours, rest periods and other benefits and welfare.

Aeso organizes orientation sessions to help new staff adapt to the work environment and their jobs. The Office Manual, Code of Conduct and related Company Policy Manual are provided at the time of orientation to facilitate staff's understanding of the detailed requirements at work.

Aeso is committed to creating a workplace with equal opportunities. The Group's recruitment focuses on the candidate's qualifications, relevant experience and the requirements of the position. The Group respects gender equality and welcomes people of all talents to join the Group regardless of their gender. The ratio of male to female at Aeso is 2.7:1 for the reason that fitting-out and renovation work is currently a male-dominated industry and men are more willing to get involved in jobs requiring regular work on site and dealing with the site staff. In the coming year, the Group will consider adding terms of diversity and anti-discrimination into the Human Resources policy and conducting training and other relevant activities to further enhance staff's awareness of equality.

Managers follow internal standards of fairness that guide promotion, salary increment and bonus release. Department Heads also conduct annual appraisals with all staff to review their performance and to set new targets. Aeso encourages all staff to express their suggestions and comments. Various communication channels are established, including toolbox talks, meetings, emails or letters to enable direct contact with Department Heads or the Executive Director.

Employment Key Performance Indices

age group	below 30	30-50	over 50	total no. of staff	the percentage of staff
no. of office female staff	1	9	0	10	27%
no. of office male staff	4	10	2	16	43%
no. of site female staff	0	0	0	0	0
no. of site male staff	2	7	2	11	30%
total no. of staff				37	100%
ratio of male to female					2.7:1

During the reporting period, there were no non-compliance cases regarding violation of relevant laws and regulations at Aeso.

Health & Safety

Aeso is committed to providing a healthy and safe working environment for all staff.

Emphasis is placed on on-site health and safety. Aeso has developed internal health and safety policies which go beyond basic requirements of laws and regulations. For example, the Site Safety Management and Health and Safety Plan documents has in place to specifically for fitting-out and renovation projects.

For office staff, Aeso pays special attention to indoor air quality. Air purifiers have been installed in the office. The Group has also appointed cleaning experts to conduct regular fan coil and carpet cleaning.

A Site Safety Committee (SSC) has been established to maintain a Safety Management System, formed by the safety supervisor, the project manager, the executive director, the site agent, the site supervisor and sub-contractors' representative in each project. SSC is responsible for preparing safety plans, risk assessment reports, as well as conducting safety inspections, holding regular safety meetings and performing safety audits as necessary.

The general safety rules for foreseeable hazardous conditions are:

- Safety helmets must be worn at all times
- Safety harnesses must be used when working at height
- No alcohol can be consumed on site and smoking is prohibited outside designed smoking areas during working hours
- Scaffolding work platforms must be secured
- Safety installations must not be interfered with
- Electrical tools must be earthed, except those of a double insulation type

- All efforts are to be made to eliminate the risk of falling objects
- Staff operating machinery must take care of their safety as well as the safety of others
- Safety equipment must be used as appropriate
- Any unsafe conditions must be immediately reported to site management

Aeso conducts safety training regularly for staff of various work positions on site. All staff are required to obtain valid Construction Industry Safety Training Certificates (Green Cards), Hong Kong Identity Cards (HKID) and Construction Workers Registration Cards (CWRC) before coming on board. After the training, staff need to fill out the Personal Protective Equipment and Safety Training Record to ensure that they fully understand the knowledge and requirements of site operations.

The SSC meets regularly to collect feedback from site managers in order to review and assess the effectiveness of current practices and methods. During the reporting year, one minor work injury related to the staff of sub-contractor occurred. Nonetheless, accident investigation was conducted immediately by Aeso. To prevent similar accidents from happening again, the SSC has leveled uneven ground surfaces on site and warnings were posted on the walls to remind staff to watch their steps.

During the reporting period, there were no non-compliance cases regarding violation of relevant health and safety laws and regulations at Aeso.

Development and Training

Aeso views staff as strategic partners and encourages them to participate in job-related training and courses. Subsidies are provided on a case by case basis. The Group also provides study leave and exam leave as encouragement for staff development.

Aeso has not established a specific employee training plan, but in the coming year, the Group will consider providing training plans according to the real needs of different departments and functions so that all staff can continuously improve their work skills and professional abilities.

Labour Standards

Aeso is fully aware that child labour and forced labour violate fundamental human rights and International Labour Conventions, and also pose threat to sustainable social and economic development. In this regard, the Group strictly complies with relevant laws and regulations.

Aeso prohibits the use of child labour by reviewing the actual age of the interviewees in the recruitment process, which includes the examination of identity documents and taking a copy for detailed records. Site staff are required to present HKID, Green Card and CWRC before entering the site. The Group only carries out the requirements of the Employment Contract and will not use any means to unfairly restrict the employment relationship between the employee and the Group by, for example, withholding a deposit or identity documents. In accordance with the law, the staff of the Group have the freedom to terminate their labour contracts. During the reporting period, there were no non-compliance cases regarding violation of relevant labour laws and regulations at Aeso.

The International Labour Organization is the United Nations specialized agency that promotes working and living standards around the world through the promulgation of labour standards in a range of International Labour Conventions and Recommendations. China is a founding member of the ILO and a permanent member. Hong Kong has currently adopted 41 International Labour Conventions which therefore apply to working conditions and employment policies.

OPERATION MANAGEMENT

Supply Chain Management

In global business, business outsourcing is a common practice, especially in the fitting-out and renovation sector. However, outsourcing does not mean that companies can avoid the responsibilities or risks of poor ESG performance by sub-contractors or suppliers. Aeso understands that it plays a role throughout the service lifecycle, and the proper management of the supply chain is key to maintaining its brand reputation and ensuring business sustainability while managing its operating costs.

Aeso values good co-operation with suppliers and sub-contractors, and hopes to establish long-term and stable supply chains. To achieve this goal, the Group has established a Purchase & Payment Policy for the effective management of the supply chain.

At the business partner selection stage, Aeso evaluates sub-contractors and material suppliers based on their experience, quality of work, timeliness of completion for past projects, reputation in the industry, past performance and cost. Based on these factors, the Group selects and maintains a list of approved sub-contractors and material suppliers.

Aeso also carries out annual audits for sub-contractors and suppliers to ensure the quality of work and services are maintained at an acceptable level. Those sub-contractors with recurrent poor safety performance will be removed from the approved list of sub-contractors.

In the long term, Aeso will consider extending environmental and social requirements to the supply chain by requiring its business partners to focus more on sustainability performance. The Group will also encourage business partners to exchange experience to enhance environmental and social performance.

Product Responsibility

In view of customers' increasing demand for quality services, Aeso knows that the Group can only gain and maintain trust and support by creating the most value for customers.

Aeso has established a Project Management Policy, which serves as a project management process to monitor work progress to ensure project quality.

Assurance of project progress

Project Manager or the Designated Member of the Project Team

- Carry out site inspection at frequent intervals
- Report the work progress on a weekly/bi-weekly/monthly basis

Customers of the Group and/or their Consultants

- Assign personnel to supervise the execution of site work
- Monitor the project progress

The Project Team of the Group and the Customer

- Hold meetings at frequent intervals to follow up the project progress and issues encountered

The Project Management Team

- Ensure that the execution of the site work comply with all the statutory requirements in connection with the work, safety, environmental and other relevant laws and regulations

As a responsible company, Aeso provides a defect liability period to projects which varies from 6 months to 24 months from the date of practical completion. During the defect liability period, customers or their consultants can raise concerns on dissatisfaction with works. The Group is responsible for rectifying any defects and completing any outstanding items to the satisfaction of customers according to the contract scope.

Anti-Corruption

Aeso believes that the integrity of business is the foundation of corporate social responsibility, as well as a fundamental element for a business's competitive advantage and sustainability. For these reasons, the Group has incorporated anti-corruption management principles into its operations.

Aeso has set up a Code of Conduct to regulate behavior within the Group. It is the responsibility of every director and member of staff to comply with the Code of Conduct, which details the requirements regarding prevention of bribery, acceptance of advantage, offers of advantage, entertainment and conflicts of interest.

Aeso's anti-corruption measures are effective. During the reporting period, Aeso found no cases involving the violation of relevant laws and regulations. Moving forward, the Group will invite the Independent Commission Against Corruption to organize anti-corruption training for staff to further enhance their awareness of anti-corruption practices.

INVESTING IN THE COMMUNITY

Today, people are more conscious of corporate conduct which is considered a necessary component of maintaining a "social license to operate".

Aeso understands that sole pursuit of maximum financial return to shareholders in the short term is not only goal of business management. With a belief in social responsibility, the Group is committed to understanding the needs of and creating value for the community in which it operates.

Aeso pays special attention to educational and charitable programs. During the reporting period, the Group donated a total of HK$47,000 to the Benji's Centre, a charitable organization providing specialized professional speech therapy to children and teenagers with communication problems, and the CENTRAL Rat Race which promotes mental health.

Moving forward, Aeso will establish a comprehensive policy related to community investment. Whenever the Group believes it can act effectively to help with unmet social needs, the Group will respond positively with community investment programmes.

ESG REPORTING GUIDE CONTENT INDEX

Material Aspects	Content	Page index
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	28
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	29
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	29
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	29-30

Material Aspects	Content	Page index
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	30-31
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	31
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	31-32
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	32
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	32-33
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	33
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	33

DIRECTORS' REPORT

The Directors present their report and the audited consolidated financial statements for the year ended 31 March 2017 ("Reporting Period"). All cross-references mentioned in this directors' report form part of this directors' report.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its principal subsidiaries are the provision of fitting-out work for construction of newly built commercial premises and residential developments and renovation (including alteration and addition) work for existing commercial premises in Hong Kong.

RESULTS AND DIVIDEND

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 49 of this annual report.

The Board does not recommend the payment of a dividend for the Reporting Period (2016: Nil).

BUSINESS REVIEW

The business review of the Group for the Reporting Period is set out in the sections headed "Chairman's Statement & Management Discussion and Analysis" of this annual report. Description of the principal risks and uncertainties facing the Group and the likely future development of the Group can be found in the "Chairman's Statement & Management Discussion and Analysis" section and the "Corporate Governance Report" of this annual report.

Relationships with Employees, Suppliers and subcontractors and Customers

The Group understands that employees are valuable assets. The Group provides competitive remuneration package to attract and motivate its employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group's have established good and long-term relationships with major suppliers and subcontractors. Those suppliers from which we source our raw materials are mostly renowned in the industry. Our subcontractors are reliable industrial players which possess extensive experience in their respective fields. During the year, there was no material and significant dispute between the Group and its suppliers/ subcontractors.

The Group has been providing contracting services for newly built and existing commercial premises and residential developments in Hong Kong since our incorporation in 2008. For Fitting-out Projects, our clients mainly include property developers and main-contractors which were instructed by property developers to appoint us as the nominated subcontractor. For Renovation Projects, our clients mainly include property developers, landlords, government authority and renowned international and local retail brands. The Group is of the view that through our quality services and close contact with our clients, we would be able to maintain close relationship with our clients with a better understanding of their needs and preferences which allow the Group to provide tailor-made and value-added contracting services to them, and to continuously gain from the stable source of revenue.

Environmental Policy and Performance

The Group has taken measures on air pollution control, noise pollution control and waste disposal control in its daily operation. The environmental policies and performance of the Group are disclosed in the Environmental, Social and Governance Report set our in pages 25 to 35 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 17 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at the end of reporting year were as follows:

	31 March 2017 HK$'000	31 March 2016 HK$'000
Share premium	**40,201**	–
Other reserve	**1,000**	1,000
Accumulated (losses)/profits	**(4,360)**	22,379
	36,841	23,379

DIRECTORS' REPORT

DIRECTORS

The Board comprises the following Directors during the Reporting Period and up to the date of this directors' report:

Executive Directors

Mr. Chan Siu Chung *(Chairman)*
Mr. Cheung Hiu Tung (appointed on 22 December 2016 and removed on 12 June 2017)
Ms. Zhang Qi (appointed on 13 July 2017 and resigned on 3 April 2019)
Mr. Au Siu Kwong (appointed on 12 April 2019)
Mr. Zhang Hai Wei (appointed on 24 May 2019)

Non-executive Directors

Ms. Zhang Qi (appointed on 22 December 2016, removed on 9 June 2017 and re-appointed on 12 June 2017)
Mr. Law Wing Kit (appointed on 22 December 2016, removed on 9 June 2017 and re-appointed on 12 June 2017)

Independent non-executive Directors

Mr. Lee Chi Chung (appointed on 22 December 2016 and removed on 12 June 2019)
Mr. Or Chun Man (appointed on 22 December 2016 and resigned on 8 June 2017)
Mr. Leung Ka Kui, Johnny (appointed on 22 December 2016 and resigned on 8 June 2017)
Mr. Ye Wenxin (appointed on 8 June 2017 and removed on 12 June 2017)
Mr. Wang Aisheng (appointed on 8 June 2017 and removed on 12 June 2017)
Mr. To Man Choy, Jacky (appointed on 12 June 2017 and resigned on 4 April 2019)
Mr. Ko Kwok Fai, Dennis (appointed on 12 June 2017 and resigned on 4 April 2019)
Ms. Tsang Kwok Shan, Sandy (appointed on 12 June 2017 and resigned on 4 April 2019)
Mr. Yeung Chun Yue, David (appointed on 12 April 2019)
Ms. Lai Wing Sze (appointed on 24 May 2019)
Ms. Yu Wan Ki (appointed on 24 May 2019)

The Company has received from Mr. Yeung Chun Yue David, Ms. Lai Wing Sze and Ms. Yu Wan Ki an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers that they as independent. Since there is no available record, the current Board cannot confirm that Mr. Lee Chi Chung, Mr. Or Chun Man, Mr. Leung Ka Kui, Johnny, Mr. Ye Wenxin, Mr. Wang Aisheng, Mr. To Man Choy, Mr. Ko Kwok Fai, Dennis and Ms. Tsang Kwok Shan, Sandy had complied with the independence requirements set out in Rule 5.09 of the GEM Listing Rules.

Notwithstanding any other provisions in the Articles, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the current Directors and senior management are disclosed in the section headed "Biographies of Directors and Senior Management" on pages 10 to 12 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years. All the such service contracts are continuous until terminated by either party giving to the other not less than three months' notice in writing, or by payment of three months' salary in lieu of such notice.

Each of the independent non-executive Directors is appointed for a term of three years unless terminated by one month's notice in writing. All Directors are subject to the provisions of retirement and rotation of directors under the articles of association of the Company.

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2017, the interests of the Directors of the Company in shares, underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Long positions in shares and underlying shares of the Company

Name	Capacity	Number of ordinary Shares held	Approximate percentage of the issued share capital of the Company as at 31 March 2017
Chan Siu Chung	Beneficial owner	76,500,000	38%

Mr. Chan held through Acropolis Limited in which Mr. Chan is the sole Director and shareholder.

Save as disclosed above, none of the Directors and chief executive of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or its associated corporation as at 31 March 2017.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

During the Reporting Period, none of the Directors (including their spouses and children under the age of 18) had any interest in or was granted any right to subscribe for the shares in, or debentures of, the Company or its associated corporations, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS AND OTHERS' INTERESTS IN THE SHARES OF THE COMPANY

As at 31 March 2017, so far as are known to any Directors of the Company, the following parties (other than the Directors or chief executive of the Company) had interests in the shares or underlying shares of the Company (each a "Share") as recorded in the register required to be kept pursuant to section 336 of the SFO:

Name	Capacity	Number of ordinary Shares held	Approximate percentage of the issued share capital of the Company as at 31 March 2017
W & Q Investment Limited	Beneficial owner	73,500,000	37%
Liu Chang Kien	Interest in the controlled corporation	73,500,000	37%

Mr. Liu held through W & Q Investment Limited in which Mr. Liu is the sole shareholder.

Save as disclosed above, as at 31 March 2017, the Directors were not aware of any other person (other than a Director) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company or its subsidiaries was a party and in which a Director or an entity connected with a Director has or had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

No connected transaction (including continuing connected transaction) which would be subject to reporting and annual review requirements under Chapter 20 of the GEM Listing Rules was entered into by the Group during the Reporting Period or subsisted as at the end of the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, the aggregate amount of turnover attributable to the Group's five largest customers accounted for approximately 79% of the Group's total turnover and the turnover attributable to the Group's largest customer accounted for approximately 22% of the Group's total turnover.

The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 33% of the Group's total purchases and the purchases attributable to the Group's largest supplier accounted for approximately 14% of the Group's total purchases.

SHARE OPTION SCHEME

For the period from the Listing Date up to 31 March 2017, there was no share option scheme has been adopted by the Company.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or the Cayman Company Law which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is determined by the remuneration committee of the Board ("Remuneration Committee") on the basis of merit, qualifications and competence.

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

REMUNERATION OF SENIOR MANAGEMENT

Pursuant to Provision B.1.5 of the CG Code, the remuneration of the senior management of the Company for the Reporting Period by band is as follows:

	Number of individuals
Nil to HK$1,000,000	3
HK$1,000,000 to HK$1,500,000	0

Further particulars in relation to Directors' remuneration and the five individuals with highest emoluments are set out in note 13 to the consolidated financial statements.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Reporting Period, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float throughout the year.

DIRECTORS' REPORT

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PERMITTED INDEMNITY PROVISION

During the Reporting Period and up to the date of this annual report, permitted indemnity provision (as defined in section 9 of the Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong)) was and is being in force for the benefit of the Directors.

INDEPENDENT AUDITORS

For the year ended 31 March 2017, HLB HODGSON IMPEY CHENG LIMITED was appointed, as the auditors of the Company.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the paragraphs headed "Shareholders' Disputes" in this report, the Boards were not aware of any events after the Reporting Period.

On behalf of the Board
Chan Siu Chung
Chairman

Hong Kong, 27 June 2019

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

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

TO THE SHAREHOLDERS OF
AESO HOLDING LIMITED
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Aeso Holding Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 49 to 101, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, 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 (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

EMPHASIS OF MATTER

We draw attention to note 33 of the consolidated financial statements, which describes the winding-up proceedings against the Company which arose due to disputes amongst the controlling shareholders of the Company. On 29 April 2019, the Court ordered that the winding-up proceedings be dismissed by the consent of the parties. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the "Emphasis of Matter" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Recognition of contract revenue and costs arising from fitting out and renovation projects	
Refer to note 8 to the consolidated financial statements. Revenue from construction contracts recognised for the year ended 31 March 2017 amounted to HK$114,685,000. Contract revenue is recognised over the period of the contract by reference to the stage of completion, which is established by reference to the construction works certified by independent surveyors. The corresponding contract costs are recognised as expenses by reference to such stage of completion and the forecasted total costs for completing the construction project under the relevant contract. This involves significant judgement and estimates when assessing the percentage of work performed, possible variation orders, claims and liquidated damages, and the reasonableness and accuracy of forecasted costs to complete.	Our procedures in relation to the recognition of contract revenue and costs from fitting out and renovation projects included: The following audit procedures have been performed by us on the sample of contracts selected: • Evaluating the design and implementation of controls over revenue recognition and cost budgeting on construction contracts. • Examined the terms and conditions of the contracts such as contract sum, construction period, performance obligations of the Group, payment schedule, retention and warranty clauses, etc. • Validated the stage of completion adopted by management to the position set out in the certificates issued by independent surveyors, including the certified contract work and variation orders, if any. • Tested the mathematical accuracy of the calculation of construction contract revenue, costs, related receivables and liabilities. We found that the recognition of construction contract revenue and costs was properly supported by the available evidence.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of account and retention receivables	
Refer to note 19 to the consolidated financial statements. The Group's account and retention receivables were significant to the Group as they represented approximately 50% of the Group's total assets. As at 31 March 2017, the Group recorded account and retention receivables amounted to approximately HK$42,215,000 after impairment provision of account and retention receivables of HK$2,450,000 and HK$941,000 respectively. This area is a key audit matter due to the inherent subjectivity that is involved in the Group making judgements in relation to credit risk exposures to determine the recoverability of account and retention receivables. Management performs an impairment assessment on a regular basis, with the impairment provision estimated through the application of judgements and use of subjective assumptions.	Our procedures in relation to the management's impairment assessment of account and retention receivables included: • Reviewed and tested ageing of account and retention sum receivables and sought direct confirmations for material receivables to confirm their existence and acknowledgment of the debt. • Assessed the recoverability of a sample of large outstanding account and retention receivables by comparing management's view of recoverability of amounts outstanding to historical patterns of receipts, in conjunction with reviewing cash received subsequent to year end for its effect in reducing amounts outstanding at year end. • Inquired management's view of credit risk and noted the historical patterns for long outstanding account and retention receivables. We reviewed customer's correspondence and payment certificates and discussed with management personnel to challenge knowledge of future conditions that may impact expected customer receipts. We found the management's impairment assessment to be consistent with the available information.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2016 were audited by another auditor who expressed an unmodified opinion on those statements as stated in the Accountants' Report included in the prospectus of the Company dated 30 December 2016.

INDEPENDENT AUDITORS' REPORT

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon ("Other Information").

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 THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by 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 are responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide 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.

INDEPENDENT AUDITORS' REPORT

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

The engagement director on the audit resulting in the independent auditors' report is Hon Koon Fai, Alex.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hon Koon Fai, Alex
Practising Certificate number: P05029

Hong Kong, 27 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	**2017** **HK$'000**	2016 HK$'000
Revenue	*8*	**114,685**	180,391
Cost of services		**(106,503)**	(148,757)
Gross profit		**8,182**	31,634
Other income	*9*	**127**	13
Other gains and losses	*10*	**–**	764
Listing expenses		**(12,565)**	(2,413)
Administrative expenses		**(21,265)**	(12,290)
Finance costs	*11*	**(273)**	(705)
(Loss)/profit before taxation	*12*	**(25,794)**	17,003
Taxation	*15*	**(945)**	(3,281)
(Loss)/profit and total comprehensive (expense)/income for the year		**(26,739)**	13,722
(Loss)/earnings per share attributable to equity holders of the Company			
Basic and diluted (HK cents)	*16*	**(24.23)**	17.94

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	17	**3,727**	361
Rental deposits	19	**589**	265
		4,316	626
Current assets			
Amounts due from customers for contract works	18	**1,563**	19,187
Account and other receivables	19	**47,951**	22,233
Tax recoverable		**2,574**	–
Pledged bank deposits	21	**18,281**	2,021
Bank balances and cash	21	**10,577**	9,626
		80,946	53,067
Current liabilities			
Amounts due to customers for contract works	18	**13,520**	921
Account and other payables	23	**14,038**	20,218
Advances drawn on account receivables factored with recourse	20	**3,915**	1,678
Amount due to ultimate holding company	22(a)	**–**	173
Amount due to a director	22(b)	**–**	1
Dividend payable		**–**	1,924
Bank borrowings	24	**–**	2,335
Obligations under finance leases	25	**338**	–
Tax payable		**–**	2,980
		31,811	30,230
Net current assets		**49,135**	22,837
Total assets less current liabilities		**53,451**	23,463

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	**2017 HK$'000**	2016 HK$'000
Non-current liabilities			
Obligations under finance leases	*25*	**898**	–
Deferred tax liabilities	*27*	**112**	44
		1,010	44
Net assets		**52,441**	23,419
Capital and reserves			
Share capital	*26*	**15,600**	40
Reserves		**36,841**	23,379
Total equity		**52,441**	23,419

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

Chan Siu Chung
Executive Director

Au Siu Kwong
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Share Capital HK$'000	Share Premium HK$'000	Other reserve HK$'000	Retained earnings/ (accumulated losses) HK$'000	Total HK$'000
At 1 April 2015	1,000	–	–	15,446	16,446
Profit and total comprehensive income recognised for the year	–	–	–	13,722	13,722
Dividend recognised as distribution *(note 14)*	–	–	–	(6,789)	(6,789)
Effect of Group Reorganisation *(Note i)*	(1,000)	–	1,000	–	–
Issue of shares	40	–	–	–	40
At 31 March 2016	40	–	1,000	22,379	23,419
Loss and total comprehensive expense recognised for the year	–	–	–	(26,739)	(26,739)
Issue of shares *(note 26(ii))*	38	19,875	–	–	19,913
Placing and public offer of shares upon the listing *(note ii)*	3,900	38,100	–	–	42,000
Transaction costs incurred directly attributable to issue of shares *(note ii)*	–	(6,152)	–	–	(6,152)
Capitalisation issue of shares *(note iii)*	11,622	(11,622)	–	–	–
At 31 March 2017	15,600	40,201	1,000	(4,360)	52,441

Note:

(i) As part of the Group Reorganisation, there are series of restructuring within the Group mainly involved interspersing investment holding entities between Aeso and the Controlling Shareholder (as defined in note 2). The other reserve represents the nominal value of the share capital of Aeso at the date on which it was acquired by Aeschylus and was settled by cash consideration of HK$1.00 by Aeschylus to the Controlling Shareholder pursuant to the Group Reorganisation.

(ii) In connection with the listing of the shares of the Company (the "Shares") on the GEM of the Stock Exchange (the "Listing") on 13 January 2017 (the "Listing Date"), the Company allotted and issued a total of 50,000,000 new shares at HK$0.84 per share for the total proceeds of approximately HK$42,000,000, with related issuance costs and listing expenses amounted to approximately HK$6,152,000 being charged to share premium.

(iii) Pursuant to the resolutions passed at the extraordinary general meeting held on 22 December 2016, the directors are authorised to capitalise an amount of HK$11,622,000 standing to the credit of the share premium account of the Company by applying such sum towards paying up in full at par a total of 149,000,000 shares for allotment and issue to Acropolis Limited & W & Q Investment immediately prior to the Listing (the "Capitalisation Issue"). The Capitalisation Issue was completed on 13 January 2017.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES		
(Loss)/profit before taxation	**(25,794)**	17,003
Adjustments for:		
Depreciation of property, plant and equipment	**572**	706
Finance costs	**273**	705
Interest income	**(15)**	(13)
Fair value change on property, plant and equipment upon distribution	**–**	(825)
Gain on disposal of property, plant and equipment	**(107)**	–
Loss on written off of property, plant and equipment	**–**	61
Operating cash flows before movements in working capital	**(25,071)**	17,637
Decrease in amounts due from customers for contract works	**17,624**	4,495
(Increase)/decrease in account and other receivables	**(26,042)**	6,245
Increase/(decrease) in amounts due to customers for contract works	**12,599**	(59)
(Decrease)/increase in account and other payables	**(6,180)**	393
Decrease in advances from customers	**–**	(2,326)
Cash (used in)/generated from operations	**(27,070)**	26,385
Income tax paid	**(6,431)**	(685)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	**(33,501)**	25,700
INVESTING ACTIVITIES		
Placement of pledged bank deposits	**(16,260)**	(2,021)
Purchase of property, plant and equipment	**(3,938)**	(65)
Proceeds from disposal of property, plant and equipment	**107**	–
Withdrawal of pledged bank deposits	**–**	2,009
Repayment from related companies	**–**	230
Interest income received	**15**	13
Advances to a director	**–**	(3,076)
NET CASH USED IN INVESTING ACTIVITIES	**(20,076)**	(2,910)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000
FINANCING ACTIVITIES		
Dividend paid	**(1,924)**	–
Repayment of factoring account receivables	**(32,763)**	(37,905)
Repayment of bank borrowings	**(2,361)**	(28,232)
Repayment of obligations under finance leases	**(177)**	(1,349)
Interest paid	**(116)**	(705)
Advances drawn on factoring account receivables	**34,880**	37,951
Bank borrowings raised	**–**	29,596
Finance lease raised	**1,402**	–
Advances from a director	**–**	1
Repayment to a director	**(1)**	(356)
(Repayment to)/advances from ultimate holding company	**(173)**	173
Transaction cost attributable to subscription of new shares paid	**(6,152)**	–
Proceeds from placing of shares	**42,000**	–
Proceeds from issue of shares	**19,913**	3,040
NET CASH GENERATED FROM FINANCING ACTIVITIES	**54,528**	2,214
NET INCREASE IN CASH AND CASH EQUIVALENTS	**951**	25,004
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**9,626**	(15,378)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**10,577**	9,626

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 10 December 2015. Its ultimate controlling party is Acropolis Limited. The address of the registered office and the principal place of business of the Company are 18/F., The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the premise enhancement solution service in Hong Kong by providing contracting service for (i) the internal fitting-out of newly built commercial premises and residential developments, and (ii) the renovation work as well as alteration and addition work for existing commercial premises.

The consolidated financial statements are presented in Hong Kong Dollar ("HK$"), which is the same as the functional currency of the Company and its subsidiaries and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

2. REORGANISATION AND BASIS OF PRESENTATION

Prior to the Group Reorganisation, the provision of fitting-out works, renovation works and alteration and addition works were carried out by Aeso Limited ("Aeso").

To rationalise the corporate structure in preparation for the Listing on the GEM of the Stock Exchange, the entities comprising the Group underwent the Group Reorganisation which mainly involved (i) incorporation of the Company as an exempted company with limited liability in the Cayman Islands on 10 December 2015 and (ii) interspersing investment holding entities, including the Company and Aeschylus, between Aeso and the ultimate equity shareholder and the controlling shareholder before 22 December 2016, the completion date of the Capitalisation Issue and the Placing, Mr. Chan Siu Chung ("Mr. Chan").

Major steps of the Group Reorganisation are as follows:

i. On 10 December 2015, the Company was incorporated with an authorised share capital of United States Dollar ("US$") $50,000 divided into 50,000 shares of US$1.00 each, with one fully paid share issued to the initial subscriber. On 14 December 2015, the one share was transferred to Mr. Chan and later transferred to Acropolis Limited ("Acropolis"), a company incorporated in the BVI and wholly-owned by Mr. Chan, at par on 5 February 2016. After the aforesaid allotment and issue of share, the then issued share capital of the Company was wholly-owned by Acropolis.

ii. On 16 December 2015, Aeschylus was incorporated with one ordinary share with no par value allotted and issued to Mr. Chan. On 5 February 2016, the Company acquired the entire issued share capital of Aeschylus from Mr. Chan at a consideration of US$1.00 as fully paid. As a result, Aeschylus has become a wholly-owned subsidiary of the Company.

2. REORGANISATION AND BASIS OF PRESENTATION (continued)

iii. On 29 February 2016, Mr. Chan transferred the entire issued share capital in Aeso to Aeschylus for a consideration of HK$1.00. As a result, the Company became the holding company of the Group and Aeschylus became the intermediate holding company of Aeso.

iv. On 21 March 2016, the Company allotted and issued a total of 5,099 shares of the Company to Acropolis, at par. On the same date, the Company, Acropolis and W & Q Investment Limited ("W & Q"), a company incorporated in the BVI and ultimately controlled by Mr. Liu Chang Kien, an independent third party with Mr. Chan, entered into a share subscription and shareholders agreement dated 21 March 2016 and its supplemental agreement dated on 22 April 2016, pursuant to which W & Q agreed to subscribe and the Company agreed to allot and issue a total of 4,900 shares of the Company, being 49% of its then issued share capital, for a consideration of HK$19,913,600. On 8 April 2016, the Company allotted and issued 4,900 shares of the Company to W & Q. Following the completion of the share subscription by W & Q on 8 April 2016, the Company is held as to 51% by Acropolis and 49% by W & Q.

v. On 23 June 2016, the Company underwent a subdivision of shares whereby each of the existing issued and unissued ordinary Shares of par value of US$1.00 was subdivided into 100 ordinary Shares of par value of US$0.01 each, and such subdivided Shares shall carry the same rights with each other, such that after the subdivision, the authorised share capital of the Company became US$50,000 divided into 5,000,000 Shares of par value of US$0.01 each, and the issued share capital of the Company became US$10,000 divided into 1,000,000 Shares of par value of US$0.01 each.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations (the "new and amendments to HKFRSs") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2016:

HKFRS 14	Regulatory Deferral Accounts
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

The application of the above new and amendments to HKFRSs had no material effect on the results and financial positions of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

New and amendments to HKFRSs in issue not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
HKFRS 17	Insurance Contracts[5]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 3	Definition of a business[7]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[3]
Amendments to HKFRS 15	Clarification of HKFRS 15 Revenue from Contracts with Customers[2]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrecognised losses[1]
Amendments to HKAS 40	Transfer of Investment Property[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments HKAS 19	Plan Amendment, Curtailment or Settlement[3]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[3]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[2]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[3]
Amendments to HKFRSs	Annual Impairments to HKFRSs 2014-2016 Cycle[8]
Amendments to HKFRSs	Annual Impairments to HKFRSs 2015-2017 Cycle[3]
Annual Improvements to HKFRSs 2014 – 2016 Cycle	Amendments to HKFRS 1 and HKAS 28[2]
Annual Improvements to HKFRSs 2015 – 2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[3]

1 Effective for annual periods beginning on or after 1 April 2017, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 April 2018, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 April 2019, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 April 2020, with earlier application permitted.
5 Effective for annual periods beginning on or after 1 April 2021, with earlier application permitted.
6 Effective for annual periods beginning on or after a date to be determined.
7 Effective for business combinations and asset acquisitions for which the acquisitions date is on or after the beginning of the first annual period beginning on or after 1 April 2020.
8 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (continued)

New and amendments to HKFRSs in issue not yet effective (continued)

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be 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 of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income. 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented 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 new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (continued)

New and amendments to HKFRSs in issue not yet effective (continued)

HKFRS 9 Financial Instruments (continued)

The directors of the Company anticipate that the application of HKFRS 9 in the future may have an impact on the amounts reported and disclosures made in the consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition.

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (continued)

New and amendments to HKFRSs in issue not yet effective (continued)

HKFRS 15 Revenue from Contracts with Customers (continued)

The criteria in HKFRS 15 for identifying performance obligations differ from the little guidance in HKAS 11, which could result in different conclusions about the separately identifiable components. For example, the Group may currently consider an entire construction contract to be a single component, but under HKFRS 15, it may determine that the contract contains two or more performance obligations that would be accounted for separately. The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported as the timing of revenue recognition may be affected and more disclosures relating to revenue is required in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

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 lease and service contracts on the basis of whether an identified asset is controlled by a customer. 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 lessee by lessees, except for short-term leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents other operating lease payments under HKAS 17 are presented as operating cash flows. Under HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and financing cash flows respectively.

In contrast to lessee accounting, HKFRS 16 substantially carried forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As set out in note 28, total operating lease commitment of the Group in respect of its office as at 31 March 2017 amounted to approximately HK$5,263,000. The directors do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's results at this stage but it is expected certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with accounting policies conform with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of preparation of financial statements

The consolidated financial statements have been prepared on the historical cost. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statement is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains controls until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investment in a subsidiary

Investment in a subsidiary is stated in the statement of financial position of the Company at cost less accumulated impairment losses. Cost includes direct attributable costs of investment.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Group's policy for recognition of revenue from construction contracts is described in the accounting policy for contracts below.

Management fee income are recognised when the relevant services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured by the proportion that the value of work carried out during the year/period. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probably will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognized losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statements of financial position as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statements of financial position under account and other receivables.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

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.

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statement and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income as directly in equity, respectively.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment held for use in the supply of services, or for administrative purposes are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease terms, assets are depreciated over the shorter of the lease terms and their estimated useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Financial instruments

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

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

Financial assets

The Group's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
Financial assets (continued)
Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including account and other receivables, amount due from ultimate holding company, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

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

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

Objective evidence of impairment could include:

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

For certain categories of financial asset, such as account receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

Financial liabilities, including account and other payables, amount due to customers for contract works, other borrowings, bank overdrafts and obligations under finance leases, are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

Impairment on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties transactions

A party is considered to be related to the Group if:

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

(b) an entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that person in their dealing with the entity.

A transaction is considered to be a related party transaction when there is a transfer of resources, or obligations between the Group and a related party, regardless of whether a price is charged.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or to provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition of construction works

The Group recognises contract revenue and profit of a construction contract according to the management's estimation of the progress and outcome of the project. Estimated revenue is determined in accordance with the terms set out in the relevant contracts. Estimated contract costs, which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the experience of the management. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Estimated impairment of account and retention receivables

Management estimates the recoverability of account and retention receivables based on objective evidence. When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured at 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 (i.e. the effective interest rate compounded at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

For the year ended 31 March 2017, impairment loss of HK$3,391,000 (2016: HK$ nil) are charged to profit or loss. As at 31 March 2017, the carrying amount of account and retention receivables are HK$42,215,000 (2016: HK$19,738,000).

Income taxes and deferred taxation

The Group is subjected to income taxes in Hong Kong. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders and maintaining an adequate capital structure.

The Group's overall strategy remain unchanged from 2016.

The capital structure of the Group consists of net debts, which include bank borrowings (note 24), obligations under finance leases (note 25) and advances drawn on account receivables factored with recourse (note 20), net of cash and cash equivalents and equity, comprising paid in capital and reserves.

6. CAPITAL RISK MANAGEMENT (continued)

The gearing ratio at the end of the reporting period was as follows:

	2017 HK$'000	2016 HK$'000
Total debt *(Note)*	5,151	4,013
Less: Pledged bank deposits	(18,281)	(2,021)
Bank balances and cash	(10,577)	(9,626)
Net debt	(23,707)	(7,634)
Total equity	52,441	23,419
Gearing ratio	N/A	N/A

Note:

Total debt comprises advances drawn on account receivables factored with recourse, bank borrowings and obligations under finance leases as detailed in notes 20, 24 and 25 to the consolidated financial statements respectively.

7. FINANCIAL INSTRUMENTS

7a. Categories of financial instruments

	2017 HK$'000	2016 HK$'000
Financial assets		
Loans and receivables (including bank balances and cash)	68,942	31,499
Financial liabilities		
Amortised cost	14,975	22,873

7b. Financial risk management objectives and policies

The Group's major financial instruments include account and other receivables, pledged bank deposits, bank balances and cash, account and other payables, advances drawn on account receivables factored with recourse, amount due to ultimate holding company, amount due to a director, obligations under finance leases and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The main risks arising from the Group's financial instruments in the normal course of the Group's business are interest rate risk, credit risk, liquidity risk and currency risk. These risks are limited by the Group's financial management policies and practices described below. Generally, the Group introduces conservative strategies on its risk management.

7. FINANCIAL INSTRUMENTS (continued)

7b. Financial risk management objectives and policies (continued)

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to bank balances and bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and Hong Kong Interbank Offered Rate arising from bank overdrafts and bank borrowings.

The Group's exposure to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

No sensitivity analysis on interest rate risk on bank deposits is presented as the Directors consider the sensitivity on interest rate risk on bank deposits is insignificant.

For sensitivity analysis on interest rates risk for variable-rate advances drawn on account receivables factored with recourse, bank overdrafts and bank borrowings, the analysis is prepared assuming that the amount of variable-rate financial liabilities outstanding at the end of the reporting period were outstanding for the whole year. 50 basis points increase or decrease represent the management's assessment of the reasonable possible change in interest rates of variable-rate financial liabilities as disclosed above. If interest rates on variable-rate financial liabilities as disclosed above had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2017 would decrease/ increase by approximately HK$26,000 (2016: HK$7,000).

Credit risk

At the end of reporting periods, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

In order to minimise the credit risk, the Directors have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Directors have reviewed the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group is exposed to concentration of credit risk as at 31 March 2017 on account and retention receivables from the Group's five major customers amounting to approximately HK$23,783,000 (2016: HK$18,398,000) and accounted for 56% (2016: 93%) of the Group's total account and retention receivables. The major customers of the Group are reputable organisations. The Directors closely monitor the subsequent settlement of the customers. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with good credit ratings assigned by international credit-rating agencies.

7. FINANCIAL INSTRUMENTS (continued)

7b. Financial risk management objectives and policies (continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings, as appropriate.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity table

	Weighted Average Effective Interest rate	Repayable on demand or less than 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	Total undiscounted cash flows	Total
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2017							
Account and other payables	**–**	**9,824**	**–**	**–**	**–**	**9,824**	**9,824**
Advances drawn on account receivables factored with resources	**3.30**	**3,954**	**–**	**–**	**–**	**3,954**	**3,915**
Obligations under finance leases	**3.43**	**–**	**370**	**370**	**564**	**1,304**	**1,236**
		13,778	**370**	**370**	**564**	**15,082**	**14,975**
At 31 March 2016							
Account and other payables	–	16,762	–	–	–	16,762	16,762
Advances drawn on account receivables factored with resources	3.01	1,678	–	–	–	1,678	1,678
Amount due to ultimate holding company	–	173	–	–	–	173	173
Amount due to a director	–	1	–	–	–	1	1
Dividend payable	–	1,924	–	–	–	1,924	1,924
Bank borrowings	3.12	2,335	–	–	–	2,335	2,335
		22,873	–	–	–	22,873	22,873

7. FINANCIAL INSTRUMENTS (continued)

7b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity table (continued)

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Advances drawn on account receivables factored with recourse, bank borrowings and obligations under finance leases with a repayment on demand clause are included in the "Repayable on demand or less than 3 months" time band in the above maturity analysis. The aggregate undiscounted principal amounts of these balances as at 31 March 2017 and 2016 are set out in the tables below. Taking into account the Group's financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment.

The Directors believe that the principal and interest will be repaid in accordance with the scheduled repayment dates set out in the loan agreements and the principal and interest cash outflows according to the scheduled repayment dates are set out as follows:

	Weighted average effective interest rate	Repayable on demand or less than 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	Total undiscounted cash flows	Total
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2017							
Advances drawn on account receivables factored with recourse	**3.30**	**3,954**	**–**	**–**	**–**	**3,954**	**3,915**
Obligation under finance leases	**3.43**	**–**	**370**	**370**	**564**	**1,304**	**1,236**
At 31 March 2016							
Advances drawn on account receivables factored with recourse	3.01	1,690	–	–	–	1,690	1,678
Bank borrowings	3.12	2,353	–	–	–	2,353	2,335

7c. Fair value measurements of financial instruments

The Directors consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost and recorded in the consolidated financial statements approximate their fair values.

8. REVENUE AND SEGMENT INFORMATION

Information are reported to the executive directors of the Company, who are also the chief operating decision maker (the "CODM"), for the purposes of resource allocation and performance assessment.

Specifically, the Group's reportable and operating segments under HKFRS 8 "Operating Segments" are as follows:

(i) Fitting-out work for new projects ("Fitting-out Projects")

Provision of fitting-out work for construction of newly built commercial premises and residential developments either as a main contractor or subcontractor.

(ii) Renovation work and alteration and addition work for old projects ("Renovation Projects")

Provision of renovation work and alteration and addition work for existing commercial premises as a main contractor.

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the year ended 31 March 2017

	Fitting-out Projects HK$'000	**Renovation Projects** HK$'000	**Total** HK$'000
Revenue			
Segment revenue	**39,730**	**74,955**	**114,685**
Segment (loss)/profit	**(617)**	**8,799**	**8,182**
Unallocated income			**127**
Unallocated expenses			**(34,103)**
Loss before taxation			**(25,794)**

8. REVENUE AND SEGMENT INFORMATION (continued)

For the year ended 31 March 2016

	Fitting-out Projects HK$'000	Renovation Projects HK$'000	Total HK$'000
Revenue			
Segment revenue	63,879	116,512	180,391
Segment profit	10,822	20,812	31,634
Unallocated income			838
Unallocated expenses			(15,469)
Profit before taxation			17,003

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment (loss)/profit represents the (loss)/profit from each segment before taxation without allocation of other income, other gains and losses, listing expenses, administrative expenses and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment. No analysis of the Group's assets and liabilities is regularly provided to the CODM for review.

Geographical information

The Group's revenue is all derived from operations in Hong Kong and the Group's non-current assets are all located in Hong Kong.

8. REVENUE AND SEGMENT INFORMATION (continued)

Information about major customers

Revenue from customers of the corresponding years individually contributing over 10% of the Group's revenue are as follows:

	Operating segment	2017 HK$'000	2016 HK$'000
Customer 1	Renovation Projects	–	23,739
	Fitting-out Projects	–	21,979
		–[1]	45,718
Customer 2	Renovation Projects	24,156	37,836
Customer 3	Fitting-out Projects	–[1]	33,107
Customer 4	Renovation Projects	–[1]	31,409
Customer 5	Fitting-out Projects	16,490	N/A
Customer 6	Renovation Projects	18,263	N/A
Customer 7	Renovation Projects	24,931	N/A

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

9. OTHER INCOME

	2017 HK$'000	2016 HK$'000
Bank interest income	15	13
Sundry income	5	–
Gain on disposal of property, plant and equipment	107	–
	127	13

10. OTHER GAINS AND LOSSES

	2017 HK$'000	2016 HK$'000
Fair value change on property, plant and equipment upon distribution	–	825
Loss on written off of property, plant and equipment	–	(61)
	–	764

11. FINANCE COSTS

	2017 **HK$'000**	2016 HK$'000
Interest on:		
Bank borrowings	**26**	213
Bank overdrafts	**116**	341
Finance leases	**11**	32
Advances drawn on account receivables factored with recourse	**120**	119
	273	705

12. (LOSS)/PROFIT BEFORE TAXATION

	2017 **HK$'000**	2016 HK$'000
(Loss)/profit before taxation has been arrived at after charging:		
Directors' emolument *(note 13)*	**4,390**	3,123
Other staff costs:		
Salaries and other allowances	**10,648**	11,145
Retirement benefits scheme contributions	**420**	369
Total staff costs	**15,458**	14,637
Less: amounts included in cost of services	**(5,938)**	(7,468)
	9,520	7,169
Auditors' remuneration	**500**	1,000
Impairment loss recognised on accounts and retention receivables	**3,391**	–
Depreciation of property, plant and equipment *(note 17)*	**572**	706
Minimum operating lease rentals in respect of rental premises	**1,981**	1,066

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable (including emoluments for the services as employees of the group entities prior to becoming directors of the Company) to the directors of the Company during the year for their services rendered to the entities comprising the Group are as follows:

(a) Executive directors

	Fee	Salaries and other allowances	Discretionary bonus	Retirement benefit scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2017					
Executive directors					
Mr. Chan Siu Chung ("Mr. Chan") *(note i)*	**–**	**2,360**	**816**	**18**	**3,194**
Mr. Cheung Hiu Ting ("Mr. Cheung") *(note ii)*	**52**	**624**	**372**	**18**	**1,066**
Mr. Au Siu Kwong ("Mr. Au") *(note iii)*	**–**	**–**	**–**	**–**	**–**
Mr. Zhang Hai Wei ("Mr. Zhang") *(note iv)*	**–**	**–**	**–**	**–**	**–**
Total	**52**	**2,984**	**1,188**	**36**	**4,260**
Year ended 31 March 2016					
Executive directors					
Mr. Chan Siu Chung ("Mr. Chan") *(note i)*	–	1,907	499	18	2,424
Mr. Cheung Hiu Ting ("Mr. Cheung") *(note ii)*	–	416	265	18	699
Total	–	2,323	764	36	3,123

Notes:

(i) Mr. Chan was appointed as an executive director, the Chairman of the Board and chief executive officer of the Company on 14 December 2015, 6 May 2016 and 23 June 2016 respectively.

(ii) Mr. Cheung was appointed as an executive director of the Company on 29 April 2016 and removed on 12 April 2018.

(iii) Mr. Au was appointed as an executive director of the Company on 12 April 2019.

(iv) Mr. Zhang was appointed as an executive director of the Company on 25 April 2019.

(v) Discretionary bonus was determined with reference to the Group's revenue, operating results, individual performance and comparable market statistics.

(vi) The balances shown above were for their services in connection with the management of the affairs of the Group.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(b) Non-executive directors

	Fee HK$'000	Salaries and other allowances HK$'000	Discretionary bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2017					
Non-executive directors					
Ms. Zhang Qi ("Ms. Zhang") *(note i)*	**26**	**–**	**–**	**–**	**26**
Mr. Law Wing Kit ("Mr. Law") *(note ii)*	**26**	**–**	**–**	**–**	**26**
	52	**–**	**–**	**–**	**52**
Year ended 31 March 2016					
Non-executive directors					
Ms. Zhang Qi ("Ms. Zhang") *(note i)*	–	–	–	–	–
Mr. Law Wing Kit ("Mr. Law") *(note ii)*	–	–	–	–	–
	–	–	–	–	–

Notes:

(i) Ms. Zhang was appointed as a non-executive director of the Company on 22 December 2016 and removed on 9 June 2017.

(ii) Mr. Law was appointed as a non-executive director of the Company on 22 December 2016 and removed on 9 June 2017.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(c) Independent non-executive directors

	Fee HK$'000	Salaries and other allowances HK$'000	Discretionary bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2017					
Independent non-executive directors					
Mr. Lee Chi Chung ("Mr. Lee") *(note i)*	26	–	–	–	26
Mr. Leung Ka Kui Johnny ("Mr. Leung") *(note ii)*	26	–	–	–	26
Mr. Wang Aisheng ("Mr. Wang") *(note vii)*	–	–	–	–	–
Mr. Ye Wenxin ("Mr. Ye") *(note vii)*	–	–	–	–	–
Mr. Or Chun Man ("Mr. Or") *(note iii)*	26	–	–	–	26
Mr. Ko Kwok Fai Dennis ("Mr. Ko") *(note iv)*	–	–	–	–	–
Mr. To Man Choy Jacky ("Mr. To") *(note iv)*	–	–	–	–	–
Ms. Tsang Kwok Shan Sandy ("Ms. Tsang") *(note iv)*	–	–	–	–	–
Mr. Yeung Chun Yue David ("Mr. Yeung") *(note v)*	–	–	–	–	–
Ms. Lai Wing Sze ("Ms. Lai") *(note vi)*	–	–	–	–	–
Ms. Yu Wan Ki ("Ms. Yu") *(note vi)*	–	–	–	–	–
	78	–	–	–	78
Year ended 31 March 2016					
Independent non-executive directors					
Mr. Lee Chi Chung ("Mr. Lee") *(note i)*	–	–	–	–	–
Mr. Leung Ka Kui Johnny ("Mr. Leung") *(note ii)*	–	–	–	–	–
Mr. Or Chun Man ("Mr. Or") *(note iii)*	–	–	–	–	–
	–	–	–	–	–

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(c) Independent non-executive directors (continued)

Notes:

(i) Mr. Lee was appointed as a non-executive director of the Company on 22 December 2016 and removed on 12 April 2018.

(ii) Mr. Leung was appointed as a non-executive director of the Company on 22 December 2016 and resigned on 8 June 2017.

(iii) Mr. Or was appointed as a non-executive director of the Company on 22 December 2016 and resigned on 8 June 2017.

(iv) Mr. Ko, Mr.To and Ms. Tsang were appointed as independent non-executive director of the Company from 12 June 2017 and resigned on 4 April 2019.

(v) Mr. Yeung was appointed as independent non-executive director of the Company from 12 April 2019.

(vi) Ms. Lai and Ms. Yu was appointed as independent non-executive director of the Company from 25 April 2019.

(vii) Mr. Wang and Mr. Ye were appointed as independent non-executive directors of the Company on 8 June 2017 and removed at 12 April 2018.

(d) Employees' emoluments

The five highest paid individuals of the Group include two executive directors of the Company for the years ended 31 March 2017 and 2016. The emoluments of the remaining individuals for the year are as follows:

	2017 **HK$'000**	2016 HK$'000
Salaries and other allowances	**1,865**	1,479
Discretionary bonus	**782**	826
Retirement benefit scheme contributions	**54**	54
	2,701	2,359

The emoluments of the employees were within the following band:

	2017 **HK$'000**	2016 HK$'000
HK$Nil – HK$1,000,000	**3**	3

During the year, no emoluments were paid by the Group to any of the directors of the Company or the chief executive of the Group or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. The directors of the Company or the chief executive of the Group did not waive or agree to waive any emoluments during the years ended 31 March 2017 and 2016.

14. DIVIDENDS

Aeso distributed interim dividends of and HK$6,789,000 for the year ended 31 March 2016, to the Controlling Shareholder, its then shareholder prior to the Group Reorganisation of which HK$1,789,000 and HK$3,076,000 for the year ended 31 March 2016 was settled through distribution of motor vehicles and offset with an amount due to a director respectively. Other than the above, no dividend has been paid or declared by other companies comprising the Group during the Track Record Period or by the Company since its incorporation.

The Board of directors do not recommend the payment of any dividend for the year ended 31 March 2017.

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

15. TAXATION

	2017 **HK$'000**	2016 HK$'000
Current tax – Hong Kong		
– Provision for the year	**–**	3,406
– Under-provision in prior year	**877**	–
Deferred tax *(note 27)*	**68**	(125)
	945	3,281

No provision for Hong Kong Profit Tax has been made as the Group had no assessable profit for the year (2016: 16.5%).

The income tax expense for the year can be reconciled to the (loss)/profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	2017 **HK$'000**	2016 HK$'000
(Loss)/profit before taxation	**(25,794)**	17,003
Tax charge at Hong Kong Profits Tax Rate of 16.5%	**(4,256)**	2,805
Tax effect of expenses not deductible for tax purpose	**106**	512
Tax effect of income not taxable for tax purpose	**(187)**	(16)
Unused tax losses carried forward	**4,337**	–
Utilisation of tax losses previously not recognized	**68**	–
Under provision of tax in respect of prior year	**877**	–
Tax concession	**–**	(20)
Income tax expense for the year	**945**	3,281

Details of deferred tax are set out in note 27.

16. (LOSS)/EARNINGS PER SHARE

	2017 HK$'000	2016 HK$'000
(Loss)/earnings:		
(Loss)/profit for the purpose of calculating basic (loss)/earnings per share	**(26,739)**	13,722
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	**110,335,616**	76,500,000

For the year ended 31 March 2016, the weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the year has been retrospectively adjusted for the share sub-division and capitalisation.

Diluted (loss)/earnings per share and basic (loss)/earnings per share are the same for the year ended 31 March 2017 and 2016 as there were no potential ordinary shares in issue during both the years.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Computer equipment HK$'000	Other office equipment HK$'000	Total HK$'000
COST						
As at 1 April 2015	68	56	3,834	501	284	4,743
Additions	–	6	–	59	–	65
Written off	–	(1)	–	(173)	(168)	(342)
Distributions	–	–	(2,761)	–	–	(2,761)
As at 31 March 2016	68	61	1,073	387	116	1,705
Additions	1,813	268	1,461	203	193	3,938
Disposal	–	–	(367)	–	–	(367)
As at 31 March 2017	**1,881**	**329**	**2,167**	**590**	**309**	**5,276**
DEPRECIATION						
As at 1 April 2015	68	46	2,151	289	162	2,716
Provided for the year	–	12	578	76	40	706
Eliminated on written off	–	(1)	–	(162)	(118)	(281)
Eliminated on distributions	–	–	(1,797)	–	–	(1,797)
As at 31 March 2016	68	57	932	203	84	1,344
Provided for the year	242	35	172	91	32	572
Disposal	–	–	(367)	–	–	(367)
As at 31 March 2017	**310**	**92**	**737**	**294**	**116**	**1,549**
CARRYING VALUE						
As at 31 March 2017	**1,571**	**237**	**1,430**	**296**	**193**	**3,727**
As at 31 March 2016	–	4	141	184	32	361

The property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	20% or over the lease term, whichever is shorter
Furniture and fixtures	$33^1/_3$%
Motor vehicles	20%
Computer equipment	20%
Other office equipment	20%

Motor vehicles with net book value of HK$964,000 were distributed by Aeso as interim dividend to its then shareholder prior to the Group Reorganisation during the year ended 31 March 2016 as disclosed in note 14.

As at 31 March 2017, the Group has motor vehicles under finance leases with net book value of approximately HK$1,430,000 (2016: HK$nil).

18. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	2017 HK$'000	2016 HK$'000
Contracts in progress at the end of the reporting periods:		
Contract costs incurred plus recognised profits less recognised losses	**421,738**	377,072
Less: progress billings	**(433,695)**	(358,806)
	(11,957)	18,266
Analysed for reporting purposes as:		
Amounts due from customers for contract works	**1,563**	19,187
Amounts due to customers for contract works	**(13,520)**	(921)
	(11,957)	18,266

19. ACCOUNT AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Account receivables *(note a)*	**36,405**	8,837
Less: allowance for doubtful debts	**(2,450)**	–
	33,955	8,837
Retention receivables *(note b)*	**9,201**	10,901
Less: allowance for doubtful debts	**(941)**	–
	8,260	10,901
	42,215	19,738

19. ACCOUNT AND OTHER RECEIVABLES (continued)

	2017 HK$'000	2016 HK$'000
Other receivables, deposits and prepayments		
– Project deposits paid to sub-contractors	5,286	331
– Deposit placed for surety bond *(note 32)*	–	1,100
– Rental and utility deposits	618	351
– Prepayment	285	267
– Deferred expenses	–	597
– Other receivables	136	114
	6,325	2,760
Total accounts and other receivables	48,540	22,498
Less: Receivables within twelve months shown under current assets	(47,951)	(22,233)
Rental deposits shown under non-current assets	589	265

Notes:

(a) During the year, the Group factored certain account receivables to a bank for cash proceeds. If the account receivables are not paid at maturity, the bank has the right to request the Group to pay the unsettled balances. As the Group has not transferred the significant risks and rewards relating to these account receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as advances drawn on account receivables factored with recourse (note 20). The carrying amount of the account receivables at 31 March 2017 that have been transferred but have not been derecognised amounted to HK$3,915,000 (2016: HK$1,678,000) and the carrying amount of the associated liability is HK$3,915,000 (2016: HK$1,678,000).

(b) Retention receivables are released by customers in accordance with the respective agreements with customers in which 50% of the retention receivable is released upon the issuance of practical completion certificate and the remaining 50% upon issuance of certificate of making good defects at the end of the defect liability period, which is generally twelve-month period from the date of the certificate of practical completion.

The retention receivables are to be settled, based on the expiry of the defect liability period, at the end of each reporting period:

	2017 HK$'000	2016 HK$'000
On demand or within one year	9,201	10,842
After one year	–	59
	9,201	10,901

19. ACCOUNT AND OTHER RECEIVABLES (continued)

The Group allows an average credit period of 30 days to its customers. The aged analysis of the Group's account receivables at the end of each reporting period is as follows:

	2017	2016
	HK$'000	HK$'000
Account receivables:		
Within 30 days	**31,439**	8,837
31 – 60 days	**–**	–
61 – 120 days	**2,516**	–
120 – 365 days	**–**	–
Over 365 days	**–**	–
	33,955	8,837

Aging of account receivables past due but not impaired

	2017	2016
	HK$'000	HK$'000
Overdue by:		
Within 30 days	**–**	–
31 – 60 days	**–**	–
61 – 120 days	**2,516**	–
120 – 365 days	**–**	–
Over 365 days	**–**	–
	2,516	–

Movement in the allowance of doubtful debts of account receivables

	2017	2016
	HK$'000	HK$'000
Balance at beginning of the year	**–**	–
Impairment loss recognised on account receivables	**2,450**	–
Balance at the end of the year	**2,450**	–

19. ACCOUNT AND OTHER RECEIVABLES (continued)

Movement in the allowance of doubtful debts of retention receivables

	2017 HK$'000	2016 HK$'000
Balance at beginning of the year	–	–
Impairment loss recognised on retention receivables	941	–
Balance at the end of the year	941	–

For the year ended 31 March 2017, account and retention receivables of approximately HK$2,450,000 (2016: HK$ nil) and HK$941,000 (2016: HK$ nil) were determined to be impaired as the debtor were financial difficulty and management assessed that the amount will not recoverable. The Group did not hold any collateral over these balances.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically. The Group's account receivables that are neither past due nor impaired have good credit quality with reference to respective settlement history. The Group does not hold any collateral over these balances.

In determining the recoverability of account and retention receivables, the Group considers any change in the credit quality of the account receivables from the date credit was initially granted up to the end of the reporting period.

20. ADVANCES DRAWN ON ACCOUNT RECEIVABLES FACTORED WITH RECOURSE

The variable-rate advances drawn on account receivables factored with recourse carry interest at certain basis points over Hong Kong Interbank Offered Rate ("HIBOR") quoted by a bank in Hong Kong, which are repayable within one year from the end of the corresponding period end date and contain a repayment on demand clause.

As at 31 March 2016 and 31 March 2017 the Group's account receivables factored with recourse were personally guaranteed and secured by an asset held by Mr. Chan and a close family member of Mr. Chan (note 31 (b)) and the pledged bank deposits held by the Group (note 21). All guarantee has been released to Aeso Holding Limited on or before 3 November 2017.

20. ADVANCES DRAWN ON ACCOUNT RECEIVABLES FACTORED WITH RECOURSE (continued)

The range of effective interest rates (which were also equal to contracted interest rates) of the Group's account receivables factored with recourse were as follows:

	2017	2016
	HK$'000	HK$'000
Effective interest rate	**2.94% to 3.74%**	2.73% to 3.50%

21. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

As at 31 March 2017, the Group had pledged bank deposits of HK$8,035,000 (2016: HK$2,021,000) which carried interest at 0.10% – 0.91% per annum (2016: 0.65%) and were pledged to secure the factoring facilities granted to the Group.

As at 31 March 2017, the Group had pledged a bank deposit of HK$10,246,000 (2016: HK$ nil) which was interest-free and current in nature. Such bank deposit was pledged to secure the surety bond issued to a customer (see note 32).

Bank balances and cash comprise of cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank balances carried interest at prevailing market rates based on daily bank deposit rate for the year ended 31 March 2017 and 2016.

22. AMOUNT DUE TO ULTIMATE HOLDING COMPANY/A DIRECTOR

(a) Amount due to ultimate holding company

The amount is non-trade in nature, unsecured, interest-free and repayable on demand.

(b) Amount due to a director

	2017	2016
	HK$'000	HK$'000
Mr. Chan	**–**	1

The amount is unsecured, interest-free and repayable on demand. The amount due to a director were fully settled as at 11 May 2016.

23. ACCOUNT AND OTHER PAYABLES

	2017 HK$'000	2016 HK$'000
Account payables	**3,390**	8,245
Retention payables *(note a)*	**6,434**	5,517
Accruals	**4,214**	2,526
Advances from customers *(note b)*	**–**	930
Other payables	**–**	3,000
	14,038	20,218

Notes:

(a) All retention payables as at 31 March 2016 and 31 March 2017 were expected to be paid or settled in less than twelve months from the end of the corresponding reporting period.

(b) Advances from customers were unsecured, interest-free and would be utilised to set off progress billings.

The average credit period on account payables is 30 days. The aging analysis of the account payables based on invoice dates at the end of each reporting period is as follows:

	2017 HK$'000	2016 HK$'000
1 – 30 days	**3,390**	7,987
31 – 60 days	**–**	–
61 – 90 days	**–**	–
Over 90 days	**–**	258
	3,390	8,245

24. BANK BORROWINGS

The variable-rate bank borrowings are repayable as follows:

	2017 HK$'000	2016 HK$'000
Carrying amount of bank borrowings that are repayable within one year from the end of the reporting period and contain a repayment on demand clause	–	2,335
Amounts due within twelve months shown under current liabilities	–	2,335

The variable-rate bank borrowings carried interests at certain basis points over HIBOR or HK$ Prime Rate quoted by certain banks in Hong Kong.

For the year ended 31 March 2016, the Group's bank borrowings were personally guaranteed and/or secured by certain assets held by Mr. Chan, spouse of Mr. Chan or a close family member of Mr. Chan as set out in note 31(b). All guarantee has been released to Aeso Holding Limited on or before 3 November 2017.

The bank borrowings are fully settled during the year ended 31 March 2017.

The range of effective interest rates (which were also equal to contracted interest rates) of the Group's bank borrowings were as follows:

	2017	2016
Effective interest rate:		
Bank borrowings	–	2.92% to 3.39%

25. OBLIGATIONS UNDER FINANCE LEASES

The Group leased its motor vehicles under finance leases. The average lease term was four years. Interest rates underlying obligations under finance leases were fixed at contract date ranging from 3.13% to 4.27% per annum during the year. The Group had options to purchase the motor vehicles for a nominal amount at the end of the lease terms.

	Minimum lease payments		Present value of minimum lease payments	
	2017 HK$'000	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
Amount payable under finance leases				
Within one year	**370**	–	**338**	–
In more than one year and not more than two years	**370**	–	**325**	–
In more than two years but not more than five years	**564**	–	**573**	–
	1,304	–	**1,236**	–
Less: Future finance charge	**(68)**	–	**–**	–
Present value of lease obligation	**1,236**	–	**1,236**	–
Less: Amount due for settlement within twelve months shown under current liabilities			**(338)**	–
Amount due for settlement after twelve months shown under non-current liabilities			**898**	–

The Group's obligations under finance leases were secured by the lessor's title to the leased assets.

26. SHARE CAPITAL

The share capital of the Group as at 31 March 2017 represented the share capital of the Company and details are disclosed as follows:

	Number of shares	Par value US$	Amount US$
Authorised:			
At incorporation and 31 March 2016	50,000	1.00	50,000
Increase of authorized share capital	500,000,000	0.01	5,000,000
Cancellation	(50,000)	1.00	(50,000)
At 31 March 2017	**500,000,000**	**0.01**	**5,000,000**
Issued and fully paid:			
At incorporation	1	1.00	1
Issue of shares *(note i)*	5,099	1.00	5,099
At 31 March 2016	5,100	1.00	5,100
Issue of shares *(note ii)*	4,900	1.00	4,900
Share subdivision *(note iii)*	990,000	0.01	–
Capitalisation issue *(note iv)*	149,000,000	0.01	1,490,000
Placing of shares *(note v)*	50,000,000	0.01	500,000
At 31 March 2017	**200,000,000**	**0.01**	**2,000,000**
Shown in the consolidated financial statement as at 31 March 2016 (in HK$'000)			40
Shown in the consolidated financial statement as at 31 March 2017 (in HK$'000)			**15,600**

Notes:

(i) On 21 March 2016, the Company allotted and issued a total of 5,099 shares of US$1 each to Acropolis at par as set out in note 2.

(ii) On 8 April 2016, an additional 4,900 shares at an aggregate cash considerations of HK$19,913,600 representing 49% of the then issued capital of the Company, were subscribed by W & Q as set out in note 2.

(iii) Pursuant to the written resolution of the Company's shareholders dated 23 June 2016, the Company underwent a subdivision of shares whereby the ordinary shares of US$1 each was subdivided into 100 ordinary shares of US$0.01 each, and such subdivided shares shall carry the same rights with each other, such that after the subdivision, the authorised share capital of the Company became US$50,000 divided into 5,000,000 shares of US$0.01 each, and the issued share capital of the Company became US$10,000 divided into 1,000,000 Shares of US$0.01.

26. SHARE CAPITAL (continued)

Notes: (continued)

(iv) Pursuant to the resolutions passed at the extraordinary general meeting held on 22 December 2016, the directors are authorised to capitalise an amount of HK$11,622,000 standing to the credit of the share premium account of the Company by applying such sum towards paying up in full at par a total of 149,000,000 shares for allotment and issue to Acropolis Limited & W & Q Investment immediately prior to the Listing (the "Capitalisation Issue"). The Capitalisation Issue was completed on 13 January 2017.

(v) In connection with the listing of the shares of the Company (the "Shares") on the GEM of the Stock Exchange (the "Listing") on 13 January 2017 (the "Listing Date"), the Company allotted and issued a total of 50,000,000 new shares at HK$0.84 per share for the total proceeds of approximately HK$42,000,000, with related issuance costs and listing expenses amounted to approximately HK$6,152,000 being charged to share premium.

27. DEFERRED TAX LIABILITIES

The following is the major deferred tax liabilities recognised by the Group and movements hereon for the year:

	Accelerated depreciation allowance HK$'000
At 1 April 2015	(169)
Credit to profit or loss	125
At 31 March 2016	(44)
Charged to profit or loss	(68)
At 31 March 2017	**(112)**

28. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of each reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rental premises which fall due as follow:

	2017 **HK$'000**	2016 HK$'000
Minimum lease payments under operating leases		
Within one year	**2,116**	941
In the second to fifth year inclusive	**3,147**	16
	5,263	957

The leases are generally negotiated for lease terms ranging from one year to three years with fixed monthly rentals. None of the leases include any contingent rentals.

29. RETIREMENT BENEFIT PLANS

The Group participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") for its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The total cost of HK$456,000 and HK$405,000 charged to profit or loss represents contribution paid or payable to the above scheme by the Group for the years ended 31 March 2017 and 31 March 2016 respectively.

30. PLEDGE OF ASSETS

At the end of each reporting period, the carrying amount of the asset pledged by the Group to a bank in order to secure a factoring facility granted by a bank to the Group was as follows:

	2017 **HK$'000**	2016 HK$'000
Fixed charge over the Group's bank deposits	**8,035**	2,021

As at 31 March 2016 and 31 March 2017, advance drawn on account receivables factored with recourse (note 20) amounted to HK$1,678,000 and HK$3,915,000 respectively.

As at 31 March 2017, surety bond issued to a customer was secured by the Group's pledged bank deposit amounted to HK$10,246,000 (note 21).

31. MATERIAL RELATED PARTY TRANSACTION

Save as disclosed in the consolidated financial statements, the Group has following material related party transaction:

(a) Compensation of key management personnel

The Directors are identified as the key management personnel of the Company, and their compensations during the year is set out in note 13.

(b) During the year, the bank borrowings (note 24) and advances drawn on account receivables factored with recourse (note 20) were personally guaranteed and secured by certain assets held by Mr. Chan, spouse of Mr. Chan and/or a close family member of Mr. Chan and guaranteed by the Group as at 31 March 2016 and 31 March 2017. All guarantee has been releases to Aeso Holding Limited on or before 3 November 2017.

32. SURETY BOND AND CONTINGENT LIABILITY

A customer of construction contract undertaken by the Group requires a group entity to issue guarantee for performance of contract works in the form of surety bond. The Group provided a counter-indemnity to an insurance company that issued such surety bond. As at 31 March 2017, the deposit placed for surety bond amounts to HK$10,246,000 (2016: HK$1,100,000) (notes 19 and 21).

As at 31 March 2016 and 31 March 2017, the amount of surety bond provided by the Group was HK$1,100,000 and HK$10,246,000 respectively.

33. LITIGATION

Winding-up Proceedings

On 12 July 2017, a controlling shareholders of the Company, Acropolis Limited, which wholly-owned by Mr. Chan Siu Chung ("Mr. Chan"), filed a Petition (the "Petition") in the action HCCW 218/2017 against, amongst other respondents, the Company, another controlling shareholders, W&Q Investment Limited and Mr. Liu Chang Kien (the "Action").

Pursuant to an order (the "Order") of the Court of First Instance of the High Court of the Hong Kong Special Administrative Region dated 31 May 2018 under the Action, the representatives of SHINEWING Specialist Advisory Services Limited have been appointed as provisional liquidators of the Company with effect from the date of the Order.

33. LITIGATION (continued)

Winding-up Proceedings (continued)

The provisional liquidators have made the application to the High Court of Hong Kong (the "Court") and have obtained approval from the Court on 10 September 2018 on the following:

(i) To carry on the existing business of the Group, including to submit tenders and enter into contracts for new fitting out and renovation projects;

(ii) To carry on correspondence with regulators and take all such steps necessary to comply with the regulatory obligations of the Group, including compliance with the resumption conditions set out by the Hong Kong Exchanges and Clearing Limited.

On 13 March 2019, Acropolis Limited, Mr. Chan, W&Q Investment Limited and Mr. Liu Chang Kien (collectively referred to herein as "the Parties") have agreed on a settlement term sheet for the settlement of all the relevant actions between the Parties. The consent summons to dismiss the Petition was duly signed and filed with the court subsequently.

On 29 April 2019, the Court ordered that the Petition in the winding-up proceedings HCCW 218/2017 be dismissed by the consent of the parties.

The joint and several provisional liquidators of the Company appointed pursuant to the Order be released.

For further details of the abovementioned litigation, please refer to the announcements of the Company dated 6 February 2018, 27 August 2018, 1 November 2018, 13 March 2019, 28 March 2019, 12 April 2019 and 29 April 2019.

The occurrence of the winding up proceedings against the Company as described above indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. In the preparation of the consolidated financial statements, the Directors have adopted the going concern basis on the assumption that the Group will be able to continue to operate as a going concern. In the opinion of the Directors, the Parties have settled their disputes amongst themselves and none of the Parties will commence winding-up petitions against the Company in the foreseeable future.

34. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2016, dividends amounting to HK$1,789,000 and HK$3,076,000 were settled through distribution of motor vehicles and an amount with a director respectively.

For the year ended 31 March 2017, motor vehicles amounting to HK$1,461,000 were acquired under finance leases.

35. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) Statement of financial position of the Company

	2017 HK$'000	2016 HK$'000
Current assets		
Other receivables and prepayments	307	227
Deferred expenses	–	597
Amount due from a subsidiary	31,036	16
Bank balances and cash	692	817
	32,035	1,657
Current liabilities		
Accruals and other payables	500	4,334
Amount due to ultimate holding company	–	173
Amount due to a director	–	1
Amount due to a subsidiary	–	9
	500	4,517
Net current assets/(liabilities)	31,535	(2,860)
Net assets/(liabilities)	31,535	(2,860)
Capital and reserves		
Share capital	15,600	40
Reserves	15,935	(2,900)
Total equity	31,535	(2,860)

(b) Amounts due from/(to) ultimate holding company, a subsidiary and a director are unsecured, interest-free and repayable on demand.

35. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

(c) Reserves of the Company

Below is a table showing the movements of the reserves of the Company since its incorporation and up to 31 March 2017:

	Share Premium HK$'000	Accumulated losses HK$'000	Other reserves HK$'000	Total HK$'000
At date of incorporation	–	–	–	–
Loss for the year	–	(2,900)	–	(2,900)
At 31 March 2016	–	(2,900)	–	(2,900)
Issue of shares *(note i)*	19,875	–	–	19,875
Placing of share *(note ii)*	38,100	–	–	38,100
Transaction costs incurred directly attributable to issue of shares	(6,152)	–	–	(6,152)
Capitalisation issue *(note iii)*	(11,622)	–	–	(11,622)
Fair adjustment of amount due from a subsidiary *(note iv)*	–	–	(4,887)	(4,887)
Loss for the year	–	(16,479)	–	(16,479)
At 31 March 2017	**40,201**	**(19,379)**	**(4,887)**	**15,935**

Note:

(i) On 8 April 2016, an additional 4,900 shares at an aggregate cash consideration of HK$19,913,600, representing 49% of the then issued capital of the Company, were subscribed by W & Q, as set out in note 2.

(ii) In connection with the listing of the shares of the Company (the "Shares") on the GEM of the Stock Exchange (the "Listing") on 13 January 2017 (the "Listing Date"), the Company allotted and issued a total of 50,000,000 new shares at HK$0.84 per share for the total proceeds of approximately HK$42,000,000, with related issuance costs and listing expenses amounted to approximately HK$6,152,000 being charged to share premium.

(iii) Pursuant to the resolutions passed at the extraordinary general meeting held on 22 December 2016, the directors are authorised to capitalise an amount of HK$11,622,000 standing to the credit of the share premium account of the Company by applying such sum towards paying up in full at par a total of 149,000,000 shares for allotment and issue to Acropolis Limited & W & Q Investment immediately prior to the Listing (the "Capitalisation Issue"). The Capitalisation Issue was completed on 13 January 2017.

(iv) It represents the fair value adjustment of non-current interest-free amount due from a subsidiary recognised at initial recognition.

36. AUTHORISATION OF ISSUE OF CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statement were approved and authorised for issue by the Board of Directors on 27 June 2019.

FINANCIAL SUMMARY

	For the year ended 31 March		
	2017	2016	2015
	HK$'000	HK$'000	HK$'000
CONSOLIDATED RESULTS			
Revenue	**114,685**	180,391	81,661
Profit/(Loss) before income tax	**(25,794)**	17,003	5,662
Income tax expense	**(945)**	(3,281)	(914)
Profit/(Loss) for the year	**(26,739)**	13,722	4,748
Total comprehensive income/(expense) for the year attributable to equity holders of the Company	**(26,739)**	13,722	4,748

	For the year ended 31 March		
	2017	2016	2015
	HK$'000	HK$'000	HK$'000
CONSOLIDATED ASSETS AND LIABILITIES			
Total assets	**85,262**	53,693	57,163
Total liabilities	**(32,821)**	(30,274)	(40,717)
Net (liabilities)/assets	**52,441**	23,419	16,446