ALLIED SUSTAINABILITY AND ENVIRONMENTAL CONSULTANTS GROUP LIMITED
沛然環保顧問有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8320

2019 ANNUAL REPORT

PRINTED WITH SOY INK

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

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Corporate Information

Board of Directors

Executive Director

Kwok May Han Grace *(Chairman)*

Non-Executive Director

Wu Dennis Pak Kit

Independent Non-Executive Directors

Lam Kin Che
Li Wing Sum Steven
Wong Yee Lin Elaine
Szeto Chi Hang Clive

Company Secretary

Siu Chun Pong Raymond

Compliance Officer

Kwok May Han Grace

Board Committees

Audit Committee

Li Wing Sum Steven *(Chairman)*
Lam Kin Che
Wong Yee Lin Elaine

Nomination Committee

Kwok May Han Grace *(Chairman)*
Li Wing Sum Steven
Wong Yee Lin Elaine
Lam Kin Che

Remuneration Committee

Wong Yee Lin Elaine *(Chairman)*
Li Wing Sum Steven
Lam Kin Che
Wu Dennis Pak Kit

Environmental, Social and Governance Committee

Kwok May Han Grace *(Chairman)*
Wu Dennis Pak Kit
Li Wing Sum Steven
Lam Kin Che
Wong Yee Lin Elaine

Risk Management Committee

Kwok May Han Grace *(Chairman)*
Wu Dennis Pak Kit
Li Wing Sum Steven
Lam Kin Che
Wong Yee Lin Elaine

Authorised Representatives

Kwok May Han Grace
Siu Chun Pong Raymond

Company's Website

http://www.asecg.com

Auditor

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30 Canton Road, Tsimshatsui
Kowloon
Hong Kong

Legal Adviser

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Compliance Adviser

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Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Registered Office

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P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

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6 Tonnochy Road
Wan Chai
Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Des Voeux Road Central Branch
China Insurance Group Building
141 Des Voeux Road Central
Hong Kong

DBS Bank (Hong Kong) Limited
11/F., The Center,
99 Queen's Road, Central
Hong Kong

Principal Share Registrar and Transfer Office in the Cayman Islands

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

Hong Kong Branch Share Registrar and Transfer Office

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

Stock Code

8320

Financial Highlights

Revenue of the Group decreased from approximately HK$30.5 million for the year ended 31 March 2018 to approximately HK$30.1 million for the year ended 31 March 2019, representing a decrease of 1.4%. The decrease in revenue was mainly due to the decrease in revenue of green building certification consultancy segment of approximately HK$6.3 million. Gross profit of the Group decreased by approximately 25.3% from approximately HK$13.0 million for the year ended 31 March 2018 to approximately HK$9.7 million for the year ended 31 March 2019. The decrease in the gross profit was mainly due to (1) the increase in cost of services for subcontracting cost of ecology, green building certification, environmental impact monitoring and laboratory testing services for the year ended 31 March 2019 because the Group did not have enough in-house professional staff in these aspects; (2) the slight decrease in the total revenue of the Group for the year ended 31 March 2019 due to a slowdown of progress of the projects, keen competition and general decrease in the bidding price in the green building certification consultancy service.

The loss for the year of the Group increased from approximately HK$4.1 million for the year ended 31 March 2018 to approximately HK$9.9 million for the year ended 31 March 2019, mainly due to (i) the decrease of revenue from approximately HK$30.5 million for the year ended 31 March 2018 to approximately HK$30.1 million for the year ended 31 March 2019; (ii) the increase in cost of services from approximately HK$17.6 million for the year ended 31 March 2018 to approximately HK$20.4 million for the year ended 31 March 2019; and (iii) the increment of administrative expenses by approximately HK$2.8 million during the year ended 31 March 2019 in order to increase staff welfare and cope with future development of the Group.

The board of Directors (the "Board") has resolved not to declare the payment of any final dividend for the year ended 31 March 2019.

Chairman's Statement

Dear Valued Shareholders,

On behalf of the board of Directors (the "Board"), it gives me great pleasure to present to you the audited consolidated results of Allied Sustainability and Environmental Consultants Group Limited (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 March 2019 (the "Year").

Kwok May Han, Grace
Chairman and Executive Director

Strengthen the Group's Leading Role in the Green Building Consultancy Market

The Group is fully aware of the keen competition in the green building consultancy market. To maintain the Group's competitive edge, we have made substantial efforts in achieving project success and strengthening our leading role in Hong Kong and Mainland China during the Year. In June 2018, one of the Group's green building projects, The Avenue, won the Merit Award under Hong Kong Residential (Multiple Buildings) of Quality Building Award 2018 jointly organized by nine professional organizations in Hong Kong. In December 2018, eight building projects, in which the Group was involved as a BEAM Professional and sustainability consultant, received awards in the BEAM Plus Certification Ceremony 2018 jointly organized by the Hong Kong Green Building Council and BEAM Society Limited. Furthermore, the Group was the only Hong Kong based sustainability and environmental consultancy selected as one of the ten members in the 2019 USGBC Roundtable in Greater China. These achievements have strengthened our leading role in the green building consultancy market at the local and regional levels.

Apart from industry recognition, the Group is currently involved in a portfolio of certified existing buildings in Central along with other new construction projects. The portfolio shall be completed soon and will enhance the Group's capability of providing green building consultancy service in the local market, which consists of over 42,000 buildings and offers potential opportunities for existing buildings to go green.

Deliver Award-winning Environmental, Social and Governance (ESG) Reporting and Consultancy Service

The Group attaches great importance to providing quality ESG reporting and consultancy service to not only help our clients comply with the ESG Reporting Guide published by Hong Kong Exchanges and Clearing Limited (HKEX) but also improve their ESG performance in the long run. The Group is also a listed group itself and strives to set a good role model for our clients and peers. In February 2019, the Group received several awards at the BDO ESG Awards 2019, namely Best in ESG – GEM, Best in Reporting – GEM and Certificate of Merit – ESG Report of the Year (Newly Listed Companies). Through these awards, the Group has demonstrated its capability of producing award-winning ESG reports and will continue to assist diverse clients in realizing the benefits of sustainable development.

Provide Comprehensive Consultancy Services to All Sectors

In addition to the green building and ESG business segments, the Group has extensive experience in providing a variety of sustainability and environmental consultancy services, such as built environment studies and innovative sustainable design solutions. The projects in which we have been involved range from microclimate studies for public housing developments, statutory environmental impact assessment studies for designated projects to innovative noise mitigation design solutions for residential developments. During the Year, the Group has also demonstrated its capability of providing integrated design services covering lighting, acoustic and audio-visual designs through completing the first project of its kind in Zhejiang, China. Given the Group's all-round capabilities of providing various consultancy services, we are prepared for growing business opportunities driven by the city's continuous development as well as the higher standard of environmental protection required.

Broaden the Group's Horizons and Provide One-stop Solutions and Products

Apart from the existing consultancy services, the Group has been exploring further opportunities to provide one-stop environmental solutions and products. In June 2018, the Group launched its indoor air quality solution and received positive client feedback. In cosmopolitan cities like Hong Kong, Shanghai, Beijing and Shenzhen, commercial centers demand for high environmental standard and quality lifestyle in order to stay competitive. The Group believes that its new solution will benefit from the growing demand for better indoor working environment.

Prospects

Looking ahead, sustainable development is becoming increasingly central to business planning and operation as reflected by some recent happenings in the capital market, such as growing awareness of Financial Stability Board's Task Force on Climate-related Financial Disclosures and United Nations Sustainable Development Goals (SDGs) as well as HKEX's Review of the ESG Reporting Guide and related Listing Rules. In fact, the Group's new contract sum has also increased by approximately 30% as compared to the previous year. To cope with the rising demand for sustainability and environmental services, the Group is exploring other opportunities to develop more solutions and products, such as innovative software services regarding smart energy management, fault detection and diagnosis on building equipment as well as systems on a cloud-based platform. In addition, the Group intends to provide "offline to online" ESG solution services, such as a recently launched ESG e-learning programme in collaboration with an industry player and provision of online solution support to clients in Hong Kong and Mainland China. With a more diversified business in the environmental industry, the Group will not only strengthen its position as a one-stop environmental solution provider but also enhance its capability to serve all sectors for combating climate change and advancing sustainable development.

In addition, the Group sees potential opportunities in the green building certification business as green finance has emerged and gained importance in Hong Kong. In May 2019, the Government announced the successful offering of its inaugural green bond with an issuance size of US$1 billion. We are optimistic that there will be more investment in green building projects and higher demand for green finance consultancy service in the long run. As a result, the Group shall gain more opportunities to participate in these projects as a green building consultant and to engage with the financial sector through providing consultancy service.

Apart from the market in Hong Kong, it is one of the Group's directions to expand our business into the People's Republic of China ("PRC") market in the long run. Recently, we were awarded a new mega-sized green building project in Hangzhou as well as various acoustic and audio-visual design projects in Macau and different parts of Mainland China. Through these opportunities, the Group will continue to expand its geographical coverage in PRC and keep pace with the rising market demand for environmental consultancy, solutions and products.

Appreciation

On behalf of the Board and our management team, I would like to take this opportunity to express my sincere gratitude to all the shareholders, business partners and customers for their generous support over the past financial year. My heartfelt appreciation also goes to all the Directors for their contributions, and all the staff members for their unfailing support and dedication. Leveraging on what the Group has achieved over the past 25 years, I believe that the Group will continue to build on its strengths, keep abreast of industry trends, and grasp new business opportunities in the increasingly competitive market in the years to come.

Kwok May Han Grace
Chairman and Executive Director

25 June 2019

Management Discussion and Analysis

Industry Review

The Group sees potential opportunities of providing green building certification consultancy and sustainability and environmental consultancy services with the metropolisation and surging population in Hong Kong. The Environmental Protection Department of Hong Kong, along with other related government departments, have implemented various laws regulating environmental issues, such as the Environmental Impact Assessment Ordinance (《環境影響評估條例》) (Chapter 499 of the laws of Hong Kong) which has made the preparation of the environmental impact assessment report a mandatory requirement before the construction and operation of various types of designated projects. Moreover, environmental assessment usually forms part of the planning application under the Town Planning Ordinance (《城市規劃條例》) (Chapter 131 of the laws of Hong Kong) or is required as one of the conditions of development projects.

The Buildings Energy Efficiency Ordinance (《建築物能源效益條例》) (Chapter 610 of the laws of Hong Kong) imposes mandatory control requirements for building development works in Hong Kong on building developers and owners. It indicates the importance of energy saving performance of both public and residential buildings and leads to a demand for sustainability and environmental consultancy and green building certification consultancy services. The Hong Kong Government also issued (i) the Practice Note of Sustainable Building Design Guidance to enhance the quality and sustainability of the built environment in Hong Kong; (ii) the Works Technical Circulars of Green Government Building to integrate green features in government managed buildings; and (iii) the Energy Saving Plan (《香港都市節能藍圖》) to cap the energy consumption of buildings and form the basis of general development schemes or reports related to the energy saving strategy in Hong Kong. It imposes a mandatory requirement on new government buildings with construction floor area of more than 5,000 square metres with central air conditioning or more than 10,000 square metres to achieve at least BEAM Plus Gold. The Hong Kong Housing Authority also requires public housing development to obtain BEAM Plus Gold award or above to distinct green housing design. According to the Residential Properties (First-hand Sales) Ordinance (《一手住宅物業銷售條例》) (Chapter 621 of the laws of Hong Kong), a BEAM Plus certification is required in order to obtain the concession on gross floor area for certain green and amenity features in development projects.

Business Review

The Company's subsidiaries are specialised in providing (i) green building certification consultancy; (ii) sustainability and environmental consultancy; (iii) acoustics, noise and vibration control and audio-visual design consultancy; and (iv) ESG reporting and consultancy. The four business segments contributed approximately 32.6%, 35.0%, 20.0% and 12.4% to the Group's overall revenue for the year ended 31 March 2019, respectively. The Group derives the majority of its revenue from green building certification consultancy and sustainability and environmental consultancy.

Green Building Certification Consultancy

This segment mainly provides environmental design and one-stop certification application services for developers and owners to enhance environmental performance and sustainability of their buildings. The Group provides professional consultancy services for its customers to meet global green building standards, including but not limited to Building Environmental Assessment Method (BEAM/BEAM Plus), Leadership in Energy and Environmental Design (LEED) and China Green Building Design Label (China GBL).

Sustainability and Environmental Consultancy

This segment is mainly engaged in the provision of sustainable design solutions to architects for urban regeneration, sustainable development and integrated planning. The solutions include but not limited to providing environmental impact assessment, noise impact assessment, air quality impact assessment, air ventilation assessment, carbon/energy audit and built environmental study.

Acoustics, Noise and Vibration Control and Audio-visual Design Consultancy

This segment provides services to assist architects and engineers to test and evaluate environmental performance of various materials and products for buildings. The services include but are not limited to architectural acoustics, building acoustics, mechanical service and airborne noise control, sound reinforcement and public address system, architectural and facade lighting system as well as theatre planning and stage equipment system.

ESG Reporting and Consultancy

This segment provides companies listed on the Stock Exchange with consultancy on ESG reporting, which is required by the Stock Exchange to encourage listed companies to identify and disclose additional ESG issues and key performance indicators that are non-financial information but reflect significant environmental and social impacts, and ultimately influence the assessments and decisions of stakeholders. The Group provides a one-stop solution from identifying the material aspects of ESG issues and formulating ESG implementation plan to the preparation of an ESG report.

Prospects

To carve out a niche in the increasingly competitive market, the Group is improving its competitive position by expanding its customer base and enhancing its productivity through implementing an Enterprise Resource Planning system. Meanwhile, the Group is seizing every opportunity to develop and offer new solutions and products with an aim to create synergy through blending and enriching its existing consultancy services. The Group believes that it is on track to achieve sustainable long-term performance.

In June 2018, the Group launched its indoor air quality solution and received positive client feedback. In cosmopolitan cities like Hong Kong, Shanghai, Beijing and Shenzhen, commercial centers demand for high environmental standard and quality lifestyle in order to stay competitive. The Group believes that its new solution will benefit from the growing demand for better indoor working environment.

Since the incorporation of a wholly-owned subsidiary, 前海沛然環保顧問深圳有限公司 (Qianhai Allied Environmental Consultants Shenzhen Company Limited*), at Qianhai, Shenzhen in Mainland China, the Group has been exploring business opportunities through tendering and submitting bids. In addition, the Group is actively exploring development and acquisition opportunity in other first-tier cities in Mainland China such as Beijing and Shanghai in the areas of environmental solutions, indoor air quality solutions and products, building management systems, green building solutions and products, and so on.

Furthermore, the Group will strive to (i) establish and facilitate a member alliance of greener technologies and products that benefit the environment in order to accelerate and support their implementation, advancement and adoption; (ii) stimulate and support growth in areas including employment in this evolving and expanding technological and production field; and (iii) identify, endorse and promote existing and emerging green and innovative technologies and related products to all sectors including the general public. Further, the Group is planning to develop its business in green building services and solutions and green products by using its internal working capital.

In the coming year, the Group intends to provide clients with innovative software services regarding smart energy management, fault detection, and diagnosis on building equipment and systems on a cloud-based platform. It will be included in the energy service packages and the target client will be large-scale commercial premises, office blocks, industrial plants, hotels and hospitals in Hong Kong and the PRC. In addition, the Group intends to provide "offline to online" ESG solution services, including but not limited to design and production of online ESG learning materials, and provision of online solution support to Hong Kong and PRC clients. The Group is positive about the potential market of the online ESG solution.

In the future, the Group may cooperate and collaborate with ECI Technology Holdings Limited (stock code: 8013) ("ECI") to provide solutions and products in relation to smart building and green buildings globally. Besides, ECI and the Company may jointly establish a company to provide smart building consultancy services. ECI is a company incorporated in the Cayman Islands and listed on GEM which is engaged in the provision of extralow voltage (ELV) solutions. Through ongoing business diversification, the Group may establish a wider presence in the environmental industry with an aim to become a one-stop comprehensive environmental solution provider.

Financial Review

Revenue

The total revenue of the Group decreased from approximately HK$30.5 million for the year ended 31 March 2018 to approximately HK$30.1 million for the year ended 31 March 2019, representing a decrease of 1.4%. As at 31 March 2019, the Group had 365 projects on hand, the aggregate contract sum of which amounted to HK$136.8 million approximately.

The revenue of green building certification consultancy decreased by 38.9% from approximately HK$16.1 million for the year ended 31 March 2018 to approximately HK$9.8 million for the year ended 31 March 2019, which was resulted from (i) the slowdown of progresses of the projects due to delay in client's construction works; (ii) keen competition; and (iii) the general decrease in the bidding price in this segment.

The revenue of sustainability and environmental consultancy increased by 11.4% from approximately HK$9.5 million for the year ended 31 March 2018 to approximately HK$10.5 million for the year ended 31 March 2019. Such improvement in revenue was attributable to (i) increment of new contracts awarded; and (ii) the substantial progress achieved in the projects in this segment.

The revenue of acoustics, noise and vibration control and audio-visual design consultancy increased by approximately 138.3% from approximately HK$2.5 million for the year ended 31 March 2018 to approximately HK$6.0 million for the year ended 31 March 2019. Such improvement in revenue was attributable to (i) increment of new contracts awarded; and (ii) the substantial progress achieved in the projects in this segment.

The revenue of ESG reporting and consultancy increased by approximately 51.8% from approximately HK$2.5 million for the year ended 31 March 2018 to approximately HK$3.7 million for the year ended 31 March 2019. Such improvement in revenue was attributable to the substantial progress achieved in the projects in this segment.

The table below sets forth the breakdown of the revenue by segment for each of the years ended 31 March 2018 and 2019:

	2019		2018	
	HK$'000	%	HK$'000	%
Green building certification consultancy	9,831	32.6	16,093	52.7
Sustainability and environmental consultancy	10,537	35.0	9,460	31.0
Acoustics, noise and vibration control and audio-visual design consultancy	6,022	20.0	2,527	8.3
ESG reporting and consultancy	3,730	12.4	2,457	8.0
Total	30,120	100.0	30,537	100.0

Cost of Services Provided and Gross Profit

The majority of the Group's cost of services provided comprised subcontracting cost and direct labour cost. The Group's cost of services provided increased by approximately 16.3% from approximately HK$17.6 million for the year ended 31 March 2018 to approximately HK$20.4 million for the year ended 31 March 2019.

The Group's gross profit decreased by approximately 25.3% from approximately HK$13.0 million for the year ended 31 March 2018 to approximately HK$9.7 million for the year ended 31 March 2019. The decrease in the gross profit being mainly due to (i) the progress of the Green building certification consultancy services work of the Group's on-going projects attained in the year was slower than expected; (ii) keen competition and the general decrease in the bidding price in the industry; and (iii) the increase in cost of services for subcontracting cost of ecology, green building certification, environmental impact monitoring and laboratory testing services for the year ended 31 March 2019 because the Group did not have enough in-house professional staff in these aspects.

Administrative Expenses

The Group's administrative expenses increased by approximately 16.2% from approximately HK$17.2 million for the year ended 31 March 2018 to approximately HK$20.0 million for the year ended 31 March 2019. Such increase was mainly due to increase of staff welfare expenses and additional expenses incurred so as to cope with future development of the Group, such as legal and professional fees and advertising and promotion expenses.

Loss for the year wholly Attributable to the Owners of the Company

The Group's loss attributable to the owners of the Company increased from approximately HK$4.1 million for the year ended 31 March 2018 to approximately HK$9.9 million for the year ended 31 March 2019. The increase mainly due to (i) the decrease of revenue from approximately HK$30.5 million for the year ended 31 March 2018 to approximately HK$30.1 million for the year ended 31 March 2019; (ii) the increase in cost of services provided from approximately HK$17.6 million for the year ended 31 March 2018 to approximately HK$20.4 million for the year ended 31 March 2019; and (iii) the increment of administrative expenses by approximately HK$2.8 million during the year ended 31 March 2019 to cope with future development of the Group.

Net Cash Used in Operating Activities

The Group's net cash used in operating activities for the year ended 31 March 2019 was approximately HK$8.0 million, whereas there was net cash used in operating activities of approximately HK$8.7 million for the year ended 31 March 2018 mainly due to improvement in billing process and account receivable management.

Liquidity, Financial Resources and Capital Structure

Historically, the Company has met the liquidity and capital requirements primarily through operating cash flows and capital contribution from its shareholders.

The Company requires cash primarily for working capital needs. As at 31 March 2019, the Company had approximately HK$17.0 million in cash and bank balances (31 March 2018: approximately HK$31.4 million), representing a decrease of approximately HK$14.3 million as compared to that as at 31 March 2018. The decrease was mainly due to the net effect of i) net cash used in operating activities of approximately HK$8.0 million; ii) proceeds from disposal of equity investment of approximately HK$4.3 million; and iii) repayment of amount due to a related party and net repayment of bank loan and overdrafts of approximately HK$5.3 million in aggregate.

The Company monitors its liquidity requirements on a short to medium term basis and arranges refinancing of the Group's bank borrowings (including short-term bank loan) as appropriate. The bank borrowings are secured, repayable on demand and denominated in Hong Kong dollars, and bear interest at a floating rate. As at 31 March 2019, the Group had banking facilities in an aggregate amount of approximately HK$8.5 million, of which approximately HK$3.5 million was utilised.

Dividend

The Board has resolved not to declare the payment of any final dividend in respect of the year ended 31 March 2019 (31 March 2018: Nil).

Employees and Remuneration Policies

As at 31 March 2019, the Company had a total of 57 employees (31 March 2018: 55). The Company's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Company recognizes the importance of a good relationship with its employees. The remuneration payable to its employees includes salaries and allowances.

Gearing Ratio

The gearing ratio of the Group, calculated as total borrowings divided by total share capital and reserves, was approximately 5.3% as at 31 March 2019 (31 March 2018: 9.8%).

Foreign Exchange Exposure

The Group mainly operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars. Nevertheless, the Directors will closely monitor the Group's foreign currency position and consider natural hedge technique to manage its foreign currency exposures by non-financial methods, managing the transaction currency, leading and lagging payments and receivables management, etc. The Company did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the year ended 31 March 2019.

Treasury Policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 March 2019. The Group strives to reduce its 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.

Significant Investments held and Future Plans for Material Investments and Capital Assets

The Group did not hold any significant investments in equity interest in any other companies. Except for those included in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 September 2016 (the "Prospectus"), the Group had no definite future plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries, Associates or Joint Ventures

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the year ended 31 March 2019.

Corporate Guarantee and Pledge of Assets

As at 31 March 2018 and 2019, the Group's bank borrowings were guaranteed or secured by its assets below:

(i) corporate guarantees provided by the Company; and

(ii) the pledge of the Group's bank deposits of approximately HK$5 million.

Contingent Liabilities

As at 31 March 2019, the Group had no significant contingent liabilities (31 March 2018: Nil).

Capital Commitments

As at 31 March 2019, the Group had capital commitments in relation to the purchase of intangible assets of approximately HK$66,000 (31 March 2018: HK$63,000).

Financial Risk Management

Risk management is carried out by the Company's finance department under the policies approved by the Board. The finance department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides guidance for overall risk management and specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

* *For identification only*

Comparison between business objectives with actual business progress

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 31 March 2019 (the "Listing Period") is set out below:

Business Objectives for the Listing Period	Actual Business Progress for the Listing Period
Expand into the PRC market through establishment of subsidiaries, co-operation with other third parties and/or acquisitions	In early November 2016, the Group has established a wholly-owned subsidiary, 前海沛然環保顧問深圳有限公司 (Qianhai Allied Environmental Consultants Shenzhen Company Limited*), at Qianhai Shenzhen in Mainland China to meet the increasing market demand for consultancy on green building certification consultancy and sustainability and environmental consultancy in the PRC. The Company continues to explore opportunities to acquire companies in the PRC which are of similar size as the Group and provide green building certification consultancy and/or sustainability and environmental consultancy based on a number of factors, including whether they (i) have a good track record but different customer base; (ii) possess the necessary licences and permits in the PRC as well as experienced and qualified staff; and (iii) have the geographical coverage where the Company intends to develop its business in the PRC.
Further expand and develop the ESG reporting and consultancy	The Company is setting up an online database that contains information on ESG reporting and consultancy as one of its major marketing efforts. Existing customers can get access to valuable information such as key performance indicators and the Company's professional team's insights and in turn stay in close connection with the Company. Potential customers will also get access to some information on this database and become acquainted with the operation of the Company. The Company hired a total of 3 new consultants/assistant consultants whose expertise are in ESG reporting and consultancy and they are all provided with recruitment training and are assigned to the corresponding project teams.

Business Objectives for the Listing Period	Actual Business Progress for the Listing Period
Further strengthen and expand the Group's in-house team of professional staff	The Company hired a total of 5 new consultants/assistant consultants whose expertise are in green building certification consultancy and sustainability consultancy, environmental consultancy and acoustic consultancy and they are all provided with recruitment training and are assigned to the corresponding project teams.
Expansion through mergers and acquisitions in Hong Kong	The Company cannot locate a suitable acquisition target for acoustics and lighting business. Alternatively, the Company has setup its own subsidiary for development of lighting business. Due to outstanding growth of environmental, social and governance ("ESG") consultancy services business in the last 2 years, the Company would like to further expand the ESG business and has entered into a memorandum in relation to the subscription of shares in a target company which provides ESG and sustainability consultancy services in Asia.

Principal Risks and Uncertainties

The Group's financial condition, operation and business prospect may be affected by the following principal risks and uncertainties directly or indirectly. There may be other risks and uncertainties in addition to those shown below which are not presently known to the Group or currently deem immaterial but may adversely affect the Group in future.

1. Reliance on bidding for revenue

Over 90% of the Group's revenue were derived from projects awarded through bidding which are not recurrent in nature and there is no assurance that its customers will provide it with new businesses in the future. The ability of the Group to achieve success in the bidding processes will be essential to its revenue.

In view of the intense market competition, the Company's project team has dedicated more time and efforts in exploring additional business opportunities or strengthening its professional accreditations, such as:

(i) submitting bidding for other types of properties (e.g. infrastructure projects) in the sustainability and environmental consultancy sector;

(ii) encouraging its project team members to obtain the new certifications in the green building certification consultancy sector as clients may award extra score to companies with certified staff, thereby increasing the Company's competitiveness and successful rate in bidding; and

(iii) extending its scope of services to lighting design projects in the acoustic, noise and vibration control, and audio-visual designs sector.

The Company has also involved more professional staff in the bidding process of a project, including preparing fee proposal, dealing with potential clients and negotiating the service fees after the bid, in order to secure more projects on hand and to maximise the profitability of the Company which lead to a further increase in such costs.

To diversify the Company's reliance on bidding for new business, the Company has also sent its project team members to team up with engineering consultancy companies in the industry as it plans to venture to provide services for other types of property in the sector of sustainability and environmental consultancy and submit proposal for tender projects offered by Developers and Government.

Principal Risks and Uncertainties (Continued)

2. *Keen competition*

The Group faces keen competition from the other players in the market, some of which may have greater financial and other resources, a larger variety of services, greater pricing flexibility, stronger brand recognition or more established and solid customer base.

3. *Additional operating costs for team expansion*

In view of the fierce competition in the market, the Group has further strengthened and expanded its in-house team of professional staff, details of which are set out in the section headed "Comparison between business objectives with actual business progress" of Management Discussion and Analysis. The expansion of the in-house team resulted in a decrease in gross profit. There is a risk that incurrence of such additional costs might not generate revenues proportionately.

The Board is of the view that the new staff members can strengthen the Group's ability to secure bids in the future and maintain its relationship with existing clients. They can also share their work experience they gained with their previous firms and bring synergy to the Group. The Board thus believes that the expansion of its in-house team is beneficial to the gross profit margin in the future.

Furthermore, the Group's pricing and revenue recognition are determined based on the estimated time and costs to be involved in a project which may deviate from the actual time and costs involved and any material inaccurate estimation may adversely affect its financial results. It is essential that the Group controls and manages its costs of services carefully and effectively.

The Board understands that the costs of services include both direct labour costs and sub-contractors costs. The Board will continue to adjust the ratio of consultancy work between those outsourced to sub-contractors and performed by the in-house team with an aim to improve the service quality and to enhance our profitability.

Use of Proceeds from the Listing

On the Listing Date, the issued Shares were listed on GEM. On 9 August 2018, the Company has resolved to change the use of net proceeds of the initial public offering (the "First Change in UOP"). Details of the revised allocation of the first change in UOP are set out as follows:

Proposed use of Net Proceeds	Original allocation of the Net Proceeds	Approximate percentage of total Net Proceeds	Actual use of Net Proceeds up to 31 July 2018	Unused Net Proceeds up to 31 July 2018 (before the Change)	Revised use of Net Proceeds	Revised allocation of unused Net Proceeds (after the Change)	Reasons for the revised use and allocation of Net Proceeds
Expand into the PRC market through acquisition or establishment of subsidiaries	13,358	40%	45	13,313	No Change	13,313	
Expand through strategic mergers and acquisitions in Hong Kong	6,679	20%	–	6,679	Acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business	5,800	The revised use of proceeds is to better reflect the Company's current direction of expansion. The allocation of proceeds was adjusted downward because under the recent preliminary term-sheet discussion in relation to an acquisition of a target company, the cash consideration was not expected to exceed HK$5.8 million.
Further expand and develop the Group's services to ESG	6,679	20%	3,708	2,971	Strengthen ESG and environmental project team to expand and develop both ESG consultancy and environmental consultancy business	3,634	The revised use and allocation of proceeds is to combine the resources of both ESG consultancy and environmental consultancy business in order to expand the business in an effective and efficient manner.
Further strengthen and expand the Group's in-house team of professional staff	5,010	15%	4,347	663			
Provide funding for the Group's working capital and other general corporate purposes	1,670	5%	1,670	–	Transferred from the original purpose of strategic mergers and acquisitions in Hong Kong	879	The extra amount of HK$879,000 (available from the reduced amount of HK$5.8 million used in mergers and acquisitions in Hong Kong) was applied towards the Group's working capital and general corporate purposes since the Company anticipated that it is unlikely to identify another suitable acquisition target in the near future.
Total	33,396	100%	9,770	23,626		23,626	

On 25 March 2019, the Company has resolved to have a second change the use of net proceeds. (the "Second Change in UOP"). Details of the second change in UOP are set out as follows:

Proposed use of Net Proceeds as disclosed in the Prospectus	Use of Proceeds (as revised by the First Change in UOP) HK$'000	Unused Net Proceeds up to 28 February 2019 (before Second Change in UOP) HK$'000	Revised allocation of unused Net Proceeds (the Second Change in UOP)	Revised allocation of unused Net Proceeds after Second Change in UOP HK$'000	Reasons for the revised use and allocation of Net Proceeds (the Second Change in UOP)
Expand into the PRC market through acquisition or establishment of subsidiaries	13,313	13,268	Acquisition and development of subsidiaries in the PRC for Green building certification and Environmental Consultancy services which the target company has operations in both Northern and Southern China.	12,500	The revised use of proceeds is to better reflect the Company's current direction of expansion. The allocation of proceeds is adjusted downward because under the recent preliminary term sheet signed in relation to an acquisition of a target company, the funding needs are not expected to exceed HK$12.5 million.

Proposed use of Net Proceeds as disclosed in the Prospectus	Use of Proceeds (as revised by the First Change in UOP) HK$'000	Unused Net Proceeds up to 28 February 2019 (before Second Change in UOP) HK$'000	Revised allocation of unused Net Proceeds (the Second Change in UOP)	Revised allocation of unused Net Proceeds after Second Change in UOP HK$'000	Reasons for the revised use and allocation of Net Proceeds (the Second Change in UOP)
Acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business	5,800	5,800	Acquisition and development of subsidiaries or associate companies in Hong Kong for ESG Consultancy services business.	3,000	The Company cannot locate a suitable acquisition target for acoustics and lighting business. Alternatively, the Company has setup its own subsidiary for development of lighting business. Due to outstanding growth of environmental, social and governance ("ESG") consultancy services business in the last 2 years, the Company would like to further expand the ESG business and has entered into a memorandum in relation to the subscription of shares in a target company which provides ESG and sustainability consultancy services in Asia and HK$3.0 million of the subscription is expected to be funded by the Net Proceeds.

Proposed use of Net Proceeds as disclosed in the Prospectus	Use of Proceeds (as revised by the First Change in UOP) HK$'000	Unused Net Proceeds up to 28 February 2019 (before Second Change in UOP) HK$'000	Revised allocation of unused Net Proceeds (the Second Change in UOP)	Revised allocation of unused Net Proceeds after Second Change in UOP HK$'000	Reasons for the revised use and allocation of Net Proceeds (the Second Change in UOP)
Further expand and develop the Group's services to ESG and further strengthen and expand the Group's in-house team of professional staff	3,634	476	Transferred from the original purpose of acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business	2,176	The extra amount of HK$1.7 million (available from the reduced amount of HK$3.0 million used in acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business) is applied towards the Group's further expansion of ESG Consultancy service since the Company anticipates that it is unlikely to identify another suitable acquisition target in the near future.

Proposed use of Net Proceeds as disclosed in the Prospectus	Use of Proceeds (as revised by the First Change in UOP) HK$'000	Unused Net Proceeds up to 28 February 2019 (before Second Change in UOP) HK$'000	Revised allocation of unused Net Proceeds (the Second Change in UOP)	Revised allocation of unused Net Proceeds after Second Change in UOP HK$'000	Reasons for the revised use and allocation of Net Proceeds (the Second Change in UOP)
Provide funding for the Group's working capital and other general corporate purposes	879	–	Transferred from the original purpose of acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business and expand into the PRC market through acquisition or establishment of subsidiaries	1,868	This extra amount of approximately HK$1.0 million is available from the reduced amount of HK$3.0 million used in acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business and the reduced amount of HK$12.5 million for proposed use of expanding into the PRC market through acquisition or establishment of subsidiaries since the Company anticipates that it is unlikely to identify another suitable acquisition target in the near future.
Total	23,626	19,544		19,544	

As at 31 March 2019, the net listing proceeds have been applied and utilized as follows:

Proposed use of Net Proceeds after the Second Change in UOP	Note	Adjusted planned use of net proceeds (HK$'000)	Approximate percentage of total net proceeds	Actual use of net proceeds up to 31 March 2019 (HK$'000)	Unused net proceeds up to 31 March 2019 (HK$'000)
Expand into the PRC market through acquisition or establishment of subsidiaries	1	12,500	64.0%	–	12,500
Acquisition and development of subsidiaries in Hong Kong for acoustics and lighting business	1	3,000	15.3%	–	3,000
Further expand and develop the Group's services to ESG and further strengthen and expand the Group's in-house team of professional staff		2,176	11.1%	647	1,529
Provide funding for the Group's working capital and other general corporate purposes		1,868	9.6%	–	1,868
Total		19,544	100%	647	18,897

Note 1: The actual use of net proceeds was slower than the adjusted planned use of proceeds up to 31 March 2019 because the progress of PRC and Hong Kong business expansion was slower than expected due to keen competition.

Events After Reporting Period

There is no significant event of the Group after the reporting period.

Disclosures under rules 17.22 to 17.24 of the GEM Listing Rules

As at 31 March 2019 there is no circumstance which would give rise to a disclosure obligation on the part of the Group under Rules 17.22 to 17.24 of the GEM Listing Rules.

Disclosure of change of Directors' Information

The Directors are not aware of any change in the information in respect of Directors, supervisors and chief executives required to be disclosed pursuant to Rule 17.50A of the GEM Listing Rules during the year ended 31 March 2019.

The Directors submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 March 2019

Principal Activities and General Information

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business is at 19/F., Kwan Chart Tower, 6 Tonnochy Road, Wan Chai, Hong Kong.

The Company is an investment holding company. During the year ended 31 March 2019, the Company's subsidiaries were principally engaged in the provision of consultancy services relating to green building certification consultancy, sustainability and environmental consultancy, acoustics, noise and vibration control and audio-visual design consultancy and environmental, social and governance ("ESG") reporting consultancy in Hong Kong, Macau and the mainland of the People's Republic of China ("Mainland China" or the "PRC"). Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "Companies Ordinance"), including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments of the Group's business, can be found in the Management Discussion and Analysis set out on pages 8 to 22 of this annual report. This discussion forms part of this Directors' report. The Board has resolved not to declare the payment of any final dividend in respect of year ended 31 March 2019.

Results and Appropriations

The financial performance of the Group for the year ended 31 March 2019 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 58 to 121 of this annual report.

Non-Competition Undertaking by Controlling Shareholders

Each of the controlling shareholders (as defined under the GEM Listing Rules) of the Company (the "Controlling Shareholders") entered into a deed of non-competition dated 23 September 2016 (the "Deed of Non-competition") in favour of the Company, details of which were set out in the Prospectus, mainly to the effect that at any time the Controlling Shareholders are interested, directly or indirectly, in 30% or more of the Shares, they will not, and will procure their associates (other than members of the Group) except where the Controlling Shareholders hold less than 5% of the total issued share capital of any company (whose shares are listed on the Stock Exchange or any other stock exchange) which is engaged in any business that is or may be in competition with any business engaged by any member of the Group, (1) not to directly or indirectly, either on their own account, in conjunction with, on behalf of or through any person, body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, participate, acquire or hold any right or interest, provide any support to, financial or otherwise, or otherwise be interested, involved or engaged in or concerned with any business that directly or indirectly competes with the Restricted Business (as defined below), or acquire or hold shares or interest (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any companies or business that compete directly or indirectly with the Restricted Business (as defined below); and (2) not to engage, invest, participate or be interested (economically or otherwise) in any business involving the provisions of consultancy services in respect of (i) green building certification consultancy; (ii) sustainability consultancy and environmental consultancy; (iii) acoustics, noise and vibration control and audio-visual design consultancy; and (iv) ESG reporting and consultancy (the "Restricted Business").

During the year ended 31 March 2019, none of the Controlling Shareholders or their respective close associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group and any other conflict of interest with the Group.

The Controlling Shareholders have confirmed to the Company that during the year ended 31 March 2019, they and their respective close associates (as defined under the GEM Listing Rules) have complied with the undertakings contained in the Deed of Non-competition.

Directors' Interest in Competing Business

Save and except for the interests of our Directors in our Company and its subsidiaries, during the year ended 31 March 2019, none of our Directors had any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business,

Environmental Policy

The Group recognizes its responsibility to protect the environment from its business activities. The Group has endeavoured to comply with the laws and regulations regarding environmental protection and encourages environmental protection and promotes awareness towards environmental protections among our staff.

Key Relationship with Customers and Suppliers

The Group maintains good relationship with its customers and suppliers. During the year ended 31 March 2019, there was no dispute between the Group and its customers and suppliers.

Major Customers and Suppliers

The information in respect of the Group's sales and subcontracting cost attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total	
	Revenue	**Subcontracting cost**
The largest customer	5.7%	NA
Five largest customers in aggregate	19.7%	NA
The largest supplier	NA	21.3%
Five largest suppliers in aggregate	NA	65.0%

At no time during the year have the Directors, their close associates or any shareholder of the Company (the "Shareholders") (which to the knowledge of the Directors owns more than 5% of the number of issued Shares) had any interest in these major customers and suppliers.

Reserves

Details of movements in the reserves of the Group during the year ended 31 March 2019 are set out in note 28 to the consolidated financial statements and in the consolidated statement of changes in equity included in this annual report.

Distributable Reserves

Pursuant to the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and reserved) of the Cayman Islands, share premium of the Company is distributable to the shareholders. As at 31 March 2019, the Company's reserves available for distribution to equity shareholders of the Company amounted to approximately HK$20.0 million.

Share Capital

Details of the movements in share capital of the Company during the year ended 31 March 2019 are set out in note 27 to the consolidated financial statements of this annual report.

Save as disclosed in note 28 to the consolidated financial statements of this annual report, there were no other purchases, sales or redemptions of the Company's listed securities by the company or any of its subsidiaries during the year ended 31 March 2019.

Capital Expenditure

The Company purchased property, plant and equipment and intangible assets amounting to approximately HK$268,000 and HK$700,000 respectively for the year ended 31 March 2019 which comprised acquisition of furniture, fixtures and office equipment and computer software.

Directors

The Directors during the year ended 31 March 2019 were:

Chairman and Executive Director

Ms. Kwok May Han Grace

Non-executive Director

Mr. Wu Dennis Pak Kit

Independent non-executive Directors

Professor Lam Kin Che
Ms. Wong Yee Lin Elaine
Mr. Li Wing Sum Steven

Subsequent to 31 March 2019, Mr. Szeto Chi Hang Clive was appointed as an independent non-executive Director with effect from 4 June 2019.

Further details of the Directors are set forth in the section headed "Biographical Details of Directors and Senior Management" of this report. To the best knowledge of the Company, save as disclosed under the section headed "Biographical Details of Directors and Senior Management", there is no financial, business, family or other material or relevant relationships among members of the Board.

No director who is required to retire by rotation and offer himself proposed for re-election at the forthcoming annual general meeting of the Company (the "Annual General Meeting") has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

Debenture

The Group has not issued any debentures during the year ended 31 March 2019.

Equity-linked Agreements

Details of the equity-linked agreements entered into during the year ended 31 March 2019 or subsisting as at 31 March 2019 are set out below:

Share Option Scheme

The Company has adopted a share option scheme (the "Share Option Scheme") by the resolutions in writing of the Shareholders on 23 September 2016. No options had lapsed or had been granted, exercised or cancelled under the Share Option Scheme during the year ended 31 March 2019.

Equity-linked Agreements (Continued)

Share Option Scheme (Continued)

1. Purpose	(i) to motivate the Eligible Participants (defined below) to optimise their performance efficiency for the benefit of the Group; and (ii) to attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.
2. Who may join	(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (ii) any Directors (including executive Directors, non-executive Directors and independent non-executive Directors) of the Company or any of its subsidiaries; and (iii) any advisers, consultants, suppliers, customers, agents and related entities to the Company or any of its subsidiaries.
3. Maximum number of Shares	120,000,000 shares, being 10% of the total number of Shares in issue immediately following completion of the placing on the Listing Date.
4. Maximum number of Shares comprised in options to any one individual	1% of the Shares in issue as of the date of grant in any 12-month period up to the date of grant.
5. Period within which the securities must be taken up under an option	An option may be exercised in accordance with the terms of the Share Option Scheme and the terms of grant as may be determined by the Directors provided that no option may be exercised after the expiry of 10 years from the date of grant.
6. Minimum period for which an option must be held before it can be exercised	There is no such requirement imposed by the Share Option Scheme, provided that the Directors, may impose such requirement upon grant of the option on which the option is deemed to be granted and accepted.
7. Amount payable on application or acceptance of the options	Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant.
8. Exercise price of Shares	The exercise price must not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.
9. Remaining life of the scheme	Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme will expire on 22 September 2026.

Equity-linked Agreements (Continued)

Share Award Scheme

On 8 February 2017, the Company approved the adoption of a share award scheme (the "Share Award Scheme") to complement its human resources policy for enhancing staff welfares to ensure talents can be retained and their productivity and potentials can be elevated.

During the year ended 31 March 2019, BOCI-Prudential Trustee Limited, acted as the trustee, had purchased an aggregate of 6,100,000 issued Shares on the Stock Exchange to hold on trust for any participant selected by the administration committee in accordance with the terms of and entitled to receive a grant of Shares under the Share Award Scheme pursuant to the terms and conditions of the rules of the Share Award Scheme. As at 31 March 2019, 22,100,000 issued shares were held by the trustee. During the year ended 31 March 2018, no Shares were granted to any participants. In April 2018, Administration Committee has resolved to grant 12,100,000 shares ("the Grant Shares") to Selected Participant. The vesting of the Grant Shares is subject to the Selected Participant remaining at all times after the Grant Date and on the Vesting Date a Participant of the Company or any of its subsidiary.

During the year ended 31 March 2019, restricted shares were awarded to selected participants pursuant to the Share Award Scheme. Details of shares awarded under the Scheme during the period were as follows:

	Number of shares					
Date of grant	**As at 1 April 2018**	**Granted during the year**	**Vested during the year**	**Lapsed during the year**	**As at 31 March 2019**	**Vesting period**
20/4/2018	–	12,100,000	(3,240,000)	(2,410,000)	6,450,000	23/3/2019 – 23/3/2021 Notes (a), (b)

Notes:

(a) The awarded shares are subject to a vesting scale in tranches of 33% of the awarded shares respectively on the first and second anniversary dates of the grant date and the balance of the remaining awarded shares on the third anniversary date of the grant date. In case such anniversary date is not a business date, the date of vesting shall be the business day immediately thereafter.

(b) During the year, Ms. Kwok May Han Grace and Mr. Wu, Dennis Pak Kit, being Directors of the Company, participated in the Share Award Scheme.

Since the Adoption Date, a total of 12,100,000 shares had been awarded under the Share Award Scheme, representing approximately 1.01% of the total number of issued shares of the Company as at 31 March 2019.

Further details of the Share Award Scheme are also set out in note 30 to the consolidated financial statements of this annual report.

Save as disclosed above, at no time during the year was the Company, or any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 March 2019, the interests and short positions of Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (《證券及期貨條例》) (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, are as follows:

Interests in the Company

Name of Directors	Capacity	Number of Shares	Approximate percentage of shareholding
Ms. Kwok May Han Grace ("Ms. Kwok") (Note)	Interest of a controlled corporation, Beneficial owner and Interest of spouse	725,631,600 (long position)	60.47%
Mr. Wu Dennis Pak Kit ("Mr. Wu") (Note)	Interest of spouse and Beneficial owner	725,631,600 (long position)	60.47%

Note: These Shares are held by Gold Investments Limited ("Gold Investments"), a company incorporated in the British Virgin Islands (the "BVI") and the issued share capital of which is owned as to 70% by Ms. Kwok, the executive Director and the chairman of the Board and 30% by Mr. Wu, the non-executive Director and the husband of Ms. Kwok. Accordingly, Ms. Kwok is deemed to be interested in such Shares held by Gold Investments under the SFO, and Mr. Wu is deemed to be interested in such Shares held by Ms. Kwok under the SFO.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations (Continued)

Interests in the associated corporation

Name of associated corporation	Name of Directors	Capacity	Number of Shares	Approximate percentage of shareholding
Gold Investments	Ms. Kwok (Note)	Beneficial owner	70 shares of HK$1.00 each (long position)	70%
		Interest of spouse	30 shares of HK$1.00 each (long position)	30%
	Mr. Wu (Note)	Beneficial owner	30 shares of HK$1.00 each (long position)	30%
		Interest of spouse	70 shares of HK$1.00 each (long position)	70%

Note: Gold Investments is a company incorporated in the BVI and the issued share capital of which is owned as to 70% by Ms. Kwok and 30% by Mr. Wu. Accordingly, Ms. Kwok is deemed to be interested in the shares held by Gold Investments under the SFO, and Mr. Wu is deemed to be interested in the shares held by Ms. Kwok in Gold Investments under the SFO.

Save as disclosed above, as at 31 March 2019, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the standard of dealings by Directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at the end of the year or at any time during the year.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As far as the Directors are aware, as at 31 March 2019, the following persons (other than a Director or chief executive of the Company) have or are deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Name of Shareholders	Capacity	Number of Shares	Approximate percentage of shareholding
Gold Investments (Note 1)	Beneficial owner	721,701,600 (long position)	60.14%
Dr. Wong Wing Ho James	Beneficial owner	109,161,600 (long position)	9.10%
City Beat Limited ("City Beat") (Note 2)	Beneficial owner	86,552,400 (long position)	7.21%

Notes:

1. Gold Investments is a company incorporated in the BVI and the issued share capital of which is owned as to 70% by Ms. Kwok and 30% by Mr. Wu.

2. City Beat is a company incorporated in the BVI and is wholly owned by Ocean Equity Partners Fund II L.P. which is an exempted limited partnership registered in the Cayman Islands. The general partner of Ocean Equity Partners Fund II L.P. is Ocean Equity Partners Fund II GP Limited. Accordingly, each of Ocean Equity Partners Fund II L.P. and Ocean Equity Partners Fund II GP Limited is deemed to be interested in the Shares held by City Beat.

Save as disclosed above, as at 31 March 2019, the Company has not been notified by any persons (other than Directors or chief executive of the Company) who have interests or short positions in the Shares or underlying Shares which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Rights to Acquire Shares or Debentures

Other than the Share Option Scheme, the Share Award Scheme and as disclosed under the section headed "Directors' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations" above, at no time during the year ended 31 March 2019 and up to the date of this report, has been the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or to acquire benefits by means of acquisitions of shares in, or debentures of, the Company or any other body corporate.

Remuneration of Directors and Five Individuals with Highest Emoluments

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in notes 10 and 11 to the consolidated financial statements of this report, respectively. No Director has waived or has agreed to waive any emolument during the year ended 31 March 2019.

Sufficiency of Public Float

Based on information that is publicly available to the Company and based on the best knowledge of the Directors, the Company has maintained the prescribed public float under the GEM Listing Rules of at least 25% of the Company's total number of issued Shares which was held by the public during the year ended 31 March 2019.

Connected Transactions

On 9 November 2016, the Company entered into a consultancy services agreement (the "Consultancy Services Agreement") with Dr. Wong Wing Ho James ("Dr. James Wong") as the Company's honourable adviser for an initial from 1 October 2015. Since Dr. James Wong was a director of a subsidiary of the Company, he is a connected person of the Company and therefore the Consultancy Services Agreement and the transaction contemplated thereunder constitute continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules. Since all the applicable percentage ratios are less than 5% and the total consideration of the Consultancy Services Agreement is less than HK$3,000,000, the Consultancy Services Agreement with Dr. James Wong and the transaction contemplated thereunder are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Details of the related party transactions of the Company are set out in note 33 to the consolidated financial statements of this annual report. The related party transactions of the Company did not constitute connected transactions or continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under the GEM Listing Rules.

Compliance with Laws and Regulations

As far as the board of directors of the Company and management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Emolument and Remuneration Policy

The Company has a remuneration committee for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practice

Management Contracts

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

Bank Borrowings

Particulars of bank borrowing of the Group as at 31 March 2019 are set out in note 24 to the consolidated financial statements of this annual report.

Confirmation of Independence

In accordance to Rule 5.09 of the GEM Listing Rules, the Company has received from each of its independent non-executive Directors the written confirmation of his/her independence. The Company, based on such confirmations, considers Professor Lam Kin Che, Mr. Li Wing Sum Steven, Ms. Wong Yee Lin Elaine and Mr. Szeto Chi Hang Clive independent.

Tax Relief and Exemption

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

Pre-emptive Rights

There are no provision for pre-emptive rights under the Articles of Association (the "Articles") or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

Permitted Indemnity Provision

A permitted indemnity provision (as defined in section 469 of the Companies Ordinance) for the benefit of the Directors is currently in force and was in force throughout the year ended 31 March 2019.

Pursuant to the Articles and subject to the laws of the Cayman Islands, every Director or his or her heirs, executors and administrators shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she shall or may incur or sustain by or by reason of any act done, incurred in or omitted in or about the execution of his or her duties, or supposed duty, in his or her office.

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

Purchase, Sale or Redemption of the Company's Listed Securities

Save as disclosed in note 28 to the consolidated financial statements of this annual report, the Company did not redeem any of the Company's listed securities nor did the Company or any of its subsidiaries purchase or sell any of such Shares during the year ended 31 March 2019 and thereafter up to the date of this report.

Interests of Compliance Adviser

As notified by Guotai Junan Capital Limited ("GTJAC"), the compliance adviser of the Company, save for the compliance adviser agreement entered into between the Company and GTJAC dated 6 June 2016, neither GTJAC nor any of its close associates (as defined in the GEM Listing Rules), directors or employees had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 March 2019.

Corporate Governance Code

The Company is committed to maintaining good corporate governance standard and procedures.

In accordance with code provision A.2.1 of the Corporate Governance Code (the "CG Code"), the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Kwok May Han Grace was appointed as the chairman of the Board on 11 November 2016 but there is no chief executive of the Company. The Board considers that such arrangement has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group.

Save as disclosed above, during the year ended 31 March 2019 and up to the date of this report, the Group has complied with all the code provisions of the CG Code.

Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 39 to 51 of this annual report.

Compliance with Code of Conduct for Directors' Securities Transactions

The Company has adopted a code of conduct regarding 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. Having been made specific enquiries by the Company, all Directors confirmed that they had complied with the standard of dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company during the year ended 31 March 2019 and up to the date of this report.

Corporate Governance, Environmental and Social Responsibility

The Group is committed to the principles of good corporate governance, and strives to integrate corporate social responsibility into its business strategy and management approach.

The ESG Report of the Group prepared in accordance with Appendix 20 to the GEM Listing Rules will be published before 30 September 2019.

Charitable Donations

Charitable donations made by the Group during the year ended 31 March 2019 amounted to HK$23,630 (31 March 2018: HK$249,900).

Financial Summary

A summary of the results and of the assets and liabilities of the Group is set out in the financial summary on page 122 of this annual report.

Audit Committee

The Board has established an audit committee (the "Audit Committee") on 23 September 2016 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. During the year ended 31 March 2019, the Audit Committee comprised three independent non-executive Directors, namely Mr. Li Wing Sum Steven, Professor Lam Kin Che and Ms. Wong Yee Lin Elaine. Mr. Li Wing Sum Steven, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the Audit Committee. During the year ended 31 March 2019, the Audit Committee held four meetings to review the Group's annual report, interim report and quarterly reports. The Group's audited consolidated financial statements for the year ended 31 March 2019 and this report have been reviewed by the Audit Committee. The Audit Committee is of the view that such financial information has been prepared in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures has been made.

Independent Auditors

On 9 May 2019, KPMG, the predecessor auditor, resigned as the auditor of the Company and Moore Stephens CPA Limited was appointed by the Directors to fill the casual vacancy so arising on the same date. The consolidated financial statements for the years ended 31 March 2017 and 2018 were audited by KPMG. The consolidated financial statements of the Group for the year ended 31 March 2019 have been audited by Moore Stephens CPA Limited whose term of office will expire upon the forthcoming Annual General Meeting. A resolution to re-appoint Moore Stephens CPA Limited as independent auditor of the Company will be proposed at the forthcoming Annual General Meeting.

Closure of the Register of Members

The forthcoming Annual General Meeting is scheduled to be held on 12 August 2019 (the "AGM"). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 6 August 2019 to 12 August 2019, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Boardroom Share Registrars (HK) Limited of 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on 5 August 2019.

By order of the Board
Allied Sustainability and Environmental Consultants Group Limited
Kwok May Han Grace
Chairman and Executive Director

Hong Kong, 25 June 2019

The biographical details of the Directors and Senior Management of the Group as at the date of this report are as follow:

Executive Director

Ms. Kwok May Han Grace (郭美珩), aged 45, was appointed as the executive Director of the Company on 11 November 2015 and chairman of the Board on 11 November 2016. Ms. Kwok is also the compliance officer of the Company and one of the authorised representatives under Rule 5.24 of the GEM Listing Rules. She is responsible for the overall planning, management and strategic development of the Group and oversees the operations of the Group's business.

Ms. Kwok joined the Group in April 1999 and has over 19 years' experiences working as acoustics, environmental and sustainability consultant. She was appointed as a director of AEC Hong Kong on 10 June 2004. She was accredited as a member of the Green Building Faculty since 2012. She also possessed various professional qualifications, including LEED Accredited Professional recognized by the Green Building Certification Institute in November 2007, BEAM Professional since July 2010 (including accredited as BEAM Pro Neighbourhood in 2017) by the Hong Kong Green Building Council, BREEAM Accredited Professional and BREEAM In-Use Assessor in 2016 by the BRE Academy and authorized GBL Manager by the China Green Building (Hong Kong) Council in 2017. She received a certificate on training from the China Green Building Council in March 2015 and certificate from GRI on G4 exam on sustainability reporting in January 2016. Ms. Kwok is a member of the Expert Panel of the BEAM Society Limited and has served as a member of various Hong Kong Green Building Council (HKGBC) standing committees, including Public Education Committee, Green Labelling Committee, Communications and Membership Committee, and Corporate Affairs and Membership Committee. She is a founding fellow and serves on the Board of Directors of the Hong Kong Institute of Qualified Environmental Professionals (HKIQEP) and also a fellow member and Immediate Past Chairman of the Hong Kong Institute of Acoustics (HKIOA).

Ms. Kwok graduated from The Hong Kong Polytechnic University with a degree of Bachelor of Engineering in Environmental Engineering in November 1998. She is the wife of Mr. Wu Dennis Pak Kit, a non-executive Director of the Company.

Non-Executive Director

Mr. Wu Dennis Pak Kit (胡伯杰), aged 44, was appointed as the non-executive Director of the Company on 16 November 2015. He is responsible for providing advice on strategic development of the Group.

He has 19 years of experience in the finance industry. Mr. Wu worked as an accounting supervisor at Techno Group, a company engaging in manufacturing of plastic moulds for home appliances, in Hong Kong from April 1998 to June 2000. From September 2000, he worked as a staff accountant at the Assurance and Business Advisory Services Department of Arthur Andersen (which was acquired by PricewaterhouseCoopers in July 2002) and he left the firm as a senior associate in April 2003. He has been the executive director in the finance department of CITIC Capital Holdings Limited, a company focusing on alternative asset management including private equity, real estate, mezzanine venture capital and marketable securities since April 2003. From 1 July 2017, he has appointed as the executive director in the principle investment department of the same company. He is also a director of the Hong Kong Private Equity Finance Association which aims to promote the private equity and venture capital industry in Hong Kong.

Mr. Wu joined the Group in January 2015 as a director and he received a certificate on training from the China Green Building Council in March 2015. He is the husband of Ms. Kwok May Han Grace, the executive Director of the Company and the chairman of the Board.

Mr. Wu graduated from the University of Southern California in the United States ("US") with a bachelor's degree in Business Administration, majoring in Finance, in December 1996. He obtained a master's degree of Accountancy from The Chinese University of Hong Kong in November 2001.

Independent Non-Executive Directors

Professor Lam Kin Che (林健枝) ("Professor Lam"), SBS, JP, aged 71, was appointed as an independent non-executive Director of the Company on 23 September 2016.

Professor Lam was admitted as an honorary fellow of The Chartered Institution of Water and Environmental Management, the United Kingdom in April 2006, of Hong Kong Institute of Acoustics in June 2012 and The Hong Kong Institute of Environmental Impact Assessment in June 2012.

For community services in Hong Kong, Professor Lam was a council member of the Sustainable Council from March 2003 to February 2011, the Advisory Committee on Water Resources and Quality of Water Supplies from April 2000 to March 2004, Hong Kong Observatory from October 2006 to September 2010, and the Advisory Committee on Agriculture and Fisheries from May 1988 to May 1992. He served as the Chairman of the Advisory Council on the Environment from January 2003 to December 2009 and has been the Chairman of the Biodiversity Strategy and Action Plan Steering Committee from June 2013 to May 2016. He was also a member of the Appeal Board Panel (Town Planning) from November 1991 to December 1999, Registration of Persons Tribunal from June 1999 to May 2005, Air Pollution Control Appeal Board Panel from March 1989 to January 2001, Noise Control Appeal Board Panel from February 1989 to January 2004, Environmental Impact Assessment Appeal Board Panel from April 2013 to March 2016, and Waste Disposal Appeal Board Panel from February 2013 to January 2016, all of which are boards, committees or councils of the government of Hong Kong.

Professor Lam has been an adjunct professor of the Department of Geography & Resources Management of The Chinese University of Hong Kong since August 2012.

Professor Lam graduated from The University of Hong Kong with a degree of Bachelor in Arts in November 1970 and a degree of Master of Philosophy in November 1974. He obtained a degree of Doctor of Philosophy from The University of New England in Australia in April 1981.

He is currently a member of the Task Force of Land Supply since August 2017.

Mr. Li Wing Sum Steven (李永森) ("Mr. Li"), aged 61, was appointed as an independent non-executive Director of the Company on 30 June 2018.

Mr. Li is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong, and a member of the Certified Tax Adviser Institute of Hong Kong. Mr. Li has accumulated over 30 years' experience in auditing, accounting, company secretarial services, taxation and financial management. Mr. Li once served as a financial controller, executive director, independent non-executive director and company secretary in several Hong Kong listed companies, and currently, he is still acting as an independent non-executive director and company secretary in three Hong Kong listed companies, including serving as the company secretary of Shanghai Fudan Microelectronics Group Company Limited (Stock Code: 1385) and China National Cultural Group Ltd. (Stock Code: 0745), an independent non-executive director of Wang On Properties Limited (Stock Code: 1243). Mr. Li is also a certified public accountant (practicing) and a partner of a certified public accountant firm in Hong Kong.

Ms. Wong Yee Lin Elaine (王綺蓮) ("Ms. Wong"), aged 64, was appointed as an independent non-executive Director of the Company on 23 September 2016.

Ms. Wong has been a fellow member of Hong Kong Institute of Human Resources Management ("HKIHRM") since April 2003 as well as a member of Employee Engagement and Employer's Branding Committee of HKIHRM since 1999, and of Remuneration Committee of HKIHRM since 2012. She was an executive council member of HKIHRM from 1999 to 2011.

Ms. Wong was the Head of Human Resources (Hong Kong and China) of Northwest Airlines (now known as Delta Airlines) from October 1989 to August 1992. She was the Employee Relations Manager of Enviropace Limited (now known as Ecospace Limited) from August 1992 to February 1994. She then worked as the Head of Human Resources (Greater China Area) of Tandem Computers Limited (now known as Hewlett Packard Ltd.) from March 1994 to October 1994. She worked as a Human Resources Manager of Unisys Computers Limited from November 1994 to April 1995. She was the Human Resources Manager in International Private Banking of Standard Chartered Bank from May 1995 to March 1996. She was the Human Resources Manager of Jardine Fleming Holdings Limited (now J.P. Morgan Holdings (Hong Kong) Limited) from June 1996 to September 1998. She was the Vice President and Head of Human Resources Services of CITIC Bank International Limited from October 1998 to April 2002. She was the director and Head of Human Resources and Administration of CITIC Capital Holdings Limited from May 2002 to May 2006. She was the Managing Director, Head of Human Resources of CITIC Securities International Company Limited from May 2006 to April 2015. Ms. Wong served as Senior Human Resources Adviser in CITIC Securities International Co., Ltd. from April to December 2015.

Ms. Wong is currently serving as Vice President of The Asia Pacific Professional Managers Association and a member of the Staff Panel of Scout Association of Hong Kong since March 2016. She was a founder and has been a director of a non-governmental organisation, Hong Kong Credible Care Volunteers Association Limited since February 2013.

Ms. Wong obtained Certificates of Competence (Level A and Level B) in Occupational Testing from British Society of Psychology in September 1996 and December 1996 respectively. She also obtained a master degree, majoring in human resources management through a distance learning programme from American States University in US in February 1995. She has over 25 years of experience in human resources management.

Mr. Szeto Chi Hang Clive (司徒智恒) ("Mr. Szeto"), aged 48, was appointed as an independent non-executive Director of the Company on 4 June 2019.

Mr. Szeto has accumulated over 25 years' experience in electronic engineering, sales and marketing, business development and solid team management. Mr. Szeto once served as a business development director, director of marketing, director of sales and Vice-President of sales and business development in several Hong Kong and multinational electronics, engineering and technology companies, and currently, he is the founder of a consulting platform and supporting a number of business development and initial public offering projects. Mr. Szeto graduated from University of Hong Kong with a bachelor's degree in electrical and electronic engineering in 1993.

Senior Management

Mr. Chan Chi Kee Henry (陳翅麒), aged 45, is our associate director principally responsible for acoustic and audio-visual design, project management, coordination with different parties and progress monitoring. Mr. Chan joined our Group in April 2016. Mr. Chan graduated from the Hong Kong Polytechnic University with a bachelor of engineering (Hons) in Environmental Engineering in November 1997. He has 18 years of experience in the building construction industry.

Mr. Chan has started his professional as an acoustician, was accredited as a member of Institute of Acoustics (MIOA) in March 2002 and the Certified Technology Specialist (CTS) by InfoComm in February 2008. He has then further developed his lighting design skills and become a professional member of the International Association of Lighting Designers (IALD) in January 2013. Mr. Chan is also an accredited BEAM Professional by Hong Kong Green Building Council Limited in April 2016 and a qualified project manager as he obtained the membership of the Association for Project Management (APM) in November 2007.

Mr. Ip Chee Wang Rodney (葉子泓), aged 41, is our associate director, being responsible for acoustic, environmental and green building project management, coordination with different parties and progress monitoring. Mr. Ip first joined our Group in May 2002 as an assistant consultant and was promoted to a senior consultant. He resigned from our Group in March 2007 and re-joined in March 2016.

Mr. Ip obtained a degree of Bachelor of Engineering in Mechanical Engineering from Hong Kong University of Science and Technology ("HKUST") in November 1999, and a degree of Master of Philosophy in Mechanical Engineering in HKUST in November 2001. He is a chartered engineer, corporate member of The Hong Kong Institution of Engineers and the Hong Kong Institute of Environmental Impact Assessment, member of the Institution of Mechanical Engineers, qualified BEAM Pro and Registered Energy Assessor with Electrical and Mechanical Services. He was admitted as a committee member for HKIOA in 2006 to 2009.

Ms. Man Yi Hang Cathy (文爾珩), aged 33, is our senior consultant responsible for environmental and green building project management coordination with different parties and progress monitoring. Ms. Man joined our group in September 2010 as an assistant consultant. She was promoted as our consultant and senior consultant in November 2011 and March 2014, respectively. Ms. Man has been involved in environmental assessments and sustainable building design studies for development in both the public and private sectors. Ms. Man graduated from the Hong Kong Baptist University with a degree of Bachelor of Social Science in China Studies (Geography) in November 2008. She further obtained a degree of Master of Applied Science (Environmental Science) from the University of Sydney in Australia in October 2010. Ms. Man was accredited by the Green Business Certificate Institute as a LEED Green Associate in August 2013. She is an associate member of the HKIOA since January 2012, Beam Pro specialist since January 2016, and member of Chartered Institution of Water and Environmental Management since November 2015.

Company Secretary

Mr. Siu Chun Pong Raymond (蕭鎮邦) has been appointed as the company secretary of the Company on 18 June 2019.

Mr. Siu, aged 39, has been a practising solicitor of The High Court of Hong Kong since 2005. Mr. Siu has over 14 years of experience in corporate finance and regulatory compliance. He is now the senior partner of Raymond Siu & Lawyers. Mr. Siu graduated from The University of Hong Kong with a Bachelor of Laws degree and University College London with a Master of Laws degree.

Corporate Governance Practices

The Company is committed to maintaining good corporate governance standard and procedures. The Company's corporate governance practices are based on the principles and code provisions as set out in Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules.

In accordance with code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Kwok May Han Grace was appointed as the chairman of the Board on 11 November 2016 but there is no chief executive of the Company. The Board considers that such arrangement has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group.

Save as disclosed above, during the year ended 31 March 2019 and up to the date of this report, the Group has complied with all the code provisions of the CG Code.

Compliance with Code of Conduct for Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by directors 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 "Required Standard of Dealings"). Having been made a specific enquiry by the Company with each of the Directors, all Directors confirmed that they had complied with the Required Standard of Dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company since 1 April 2018 and up to the date of this report.

Board of Directors

During the year ended 31 March 2019, the Board comprised five Directors, including one executive Director, one non-executive Director and three independent non-executive Directors. Details of their composition by category are as follows:

Name	Position	Date of appointment
Ms. Kwok May Han Grace	Executive Director Chairman	11 November 2015 11 November 2016
Mr. Wu Dennis Pak Kit	Non-executive Director	16 November 2015
Professor Lam Kin Che	Independent non-executive Director	23 September 2016
Ms. Wong Yee Lin Elaine	Independent non-executive Director	23 September 2016
Mr. Li Wing Sum Steven	Independent non-executive Director	30 June 2018

Responsibilities, Accountability and Contributions of the Board and Management

The Board's main functions include:

(i) approving the Group's overall business plans and strategies, monitoring the implementation of these policies and strategies and the management of the Group;

(ii) developing and reviewing the Company's policies and practices on corporate governance;

(iii) reviewing the Group's compliance with the CG Code and disclosure in the Corporate Governance Report;

(iv) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; and

(v) monitoring the risk management and internal control systems of the Company and reviewing their effectiveness. Daily business operations and administrative functions of the Group are delegated to the executive Director and the senior management of the Group. The Board acts collectively by majority decisions in accordance with the Articles and the applicable laws, and no single Director is supposed to have any decision-making power unless otherwise authorised by the Board.

Board Meetings and Board Practices

The Directors can attend meetings in person or through other means of electronic communication in accordance with the Articles. All minutes of the Board meetings were recorded in sufficient detail the matters considered by the Board and the decisions reached.

During the year ended 31 March 2019, four board meetings and one general meeting were held. Details of the attendance of the Directors are as follows:

Directors	Attendance/Number of general meeting entitled to attend	Attendance/Number of Board meetings entitled to attend
Ms. Kwok May Han Grace *(Chairman)*	1/1	4/4
Mr. Wu Dennis Pak Kit	1/1	4/4
Professor Lam Kin Che	1/1	4/4
Mr. Li Wing Sum Steven	1/1	4/4
Ms. Wong Yee Lin Elaine	1/1	4/4

Appointment, Re-election and Removal of Directors

The Articles provide that subject to the manner of retirement by rotation of Directors as from time to time prescribed by the GEM Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years.

Under the code provision A.4.1 of the CG Code, the non-executive Directors should be appointed for a specific term. The Company has entered into a service contract with the executive Director for a term of three years commencing from 23 September 2016, subject to the early removal, retirement and re-election provisions in the Articles. The Company has also entered into letters of appointment with Mr. Wu Dennis Pak Kit, Professor Lam Kin Che and Ms. Wong Yee Lin Elaine for a term of three years commencing from 23 September 2016, subject to the early removal, retirement and re-election provisions in the Articles. The Company has also entered into letter of appointment with Mr. Li Wing Sum Steven for a term of three years commencing from 30 June 2018, subject to the early removal, retirement and re-election provisions in the Articles.

Continuous Professional Development

According to the code provision A.6.5 of the CG Code, all Directors shall participate in continuous professional development to develop their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

During the year ended 31 March 2019, all the Directors had participated in seminars/courses in relation to Director's responsibilities and obligations under the GEM Listing Rules and relevant statues, laws, rules and regulations arranged by accredited service providers.

Independent Non-Executive Directors

During the year ended 31 March 2019, the Company has three independent non-executive Directors to comply with Rule 5.05(1) of the GEM Listing Rules. Furthermore, among the three independent non-executive Directors, Mr. Li Wing Sum Steven has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 5.05(2) of the GEM Listing Rules.

The Company has also complied with Rule 5.05A of the GEM Listing Rules as the three independent non-executive Directors represent more than one-third of the Board.

In accordance with Rule 5.09 of the GEM Listing Rules, the Company has received from each of its independent non-executive Directors the written confirmation of his/her independence. The Company, based on such confirmations, considers Professor Lam Kin Che, Mr. Li Wing Sum Steven and Ms. Wong Yee Lin Elaine are independent.

Chairman and Chief Executive

According to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Kwok May Han Grace was appointed the chairman of the Board on 11 November 2016 but there is no chief executive of the Company. The Board considers that such arrangement has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group.

Company Secretary

Mr. Chong Hing Cheong has been appointed as the company secretary of the Company (the "Company Secretary") on 10 June 2016 and was the Company Secretary throughout the year ended 31 March 2019, Mr. Chong is a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Chong Hing Cheong has taken not less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules during the year ended 31 March 2019.

Mr. Chong Hing Cheong has resigned as the company secretary of the Company with effect from 18 June 2019, Mr. Siu Chun Pong Raymond has been appointed as the company secretary on the same date.

Compliance Officer

Pursuant to Rule 5.19 of the GEM Listing Rules, Ms. Kwok May Han Grace, who is also an executive Director and the chairman of the Board, was appointed as the compliance officer of the Company on 10 June 2016. The biographical details of Ms. Kwok are set out under the section headed "Biographical Details of Directors and Senior Management" of this report.

Directors' Insurance

The Company has taken out appropriate insurance cover in respect of legal action against the Directors during the year ended 31 March 2019.

Board Committees

While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various Board committees which have been established by the Board to deal with different aspects of the Company's affairs. Unless otherwise specified in their respective written terms of reference as approved by the Board, these Board committees are governed by the Articles as well as the Board's policies and practices (in so far as the same are not in conflict with the provisions contained in the Articles).

With the establishment of the Audit Committee, the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee"), the independent non-executive Directors will be able to effectively devote their time to perform the duties required by the respective Board committees.

The Board has also established the environmental, social and governance committee (the "ESG Committee") and the risk management committee (the "Risk Management Committee") to review and monitor the Group's specific policies and practices to ensure compliance with the relevant legal and regulatory requirements.

The Board has also delegated the responsibility of implementing its strategies and the day-to-day operation to the management of the Company under the leadership of the executive Director. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, finance and financial reporting, internal controls, communication with shareholders, board membership, delegation of authority and corporate governance.

Audit Committee

The Board established the Audit Committee on 23 September 2016 with written terms of reference in compliance with the GEM Listing Rules. The terms of reference of the Audit Committee are available on both the GEM website and the Company's website. The primary duties of the Audit Committee include (but without limitation):

(i) assisting the Board by providing an independent view of the effectiveness of the financial reporting process;

(ii) making recommendation to the Board on the appointment and removal of external auditors;

(iii) reviewing the Group's financial information and disclosures;

(iv) overseeing the audit process, to develop and review the Group's policies and practices on compliance with legal and regulatory requirements; and

(v) performing other duties and responsibilities as assigned by the Board.

The composition of the Audit Committee during the year ended 31 March 2019 is as follows:

Mr. Li Wing Sum Steven *(Chairman)*
Professor Lam Kin Che
Ms. Wong Yee Lin Elaine

Mr. Li Wing Sum Steven, who has appropriate professional qualifications and experience in accounting matters, was appointed as the Chairman of the Audit Committee.

Board Committees (Continued)

Audit Committee (Continued)

Four Audit Committee meetings were held during the year ended 31 March 2019. During the year ended 31 March 2019, the Audit Committee has:

(i) reviewed the unaudited quarterly and interim results;

(ii) reviewed the necessity to establish an internal audit function; and

(iii) monitored the audit and non-audit services rendered to the Group by its auditors and ensure that their engagement in other non-audit services will not impair their audit independence or objectivity.

Apart from the Audit Committee meetings, the independent non-executive Directors have met its external auditors to discuss matters relating to the Company's audit fees and other issues arising from the audit for year ended 31 March 2019. The attendance record of each member at the Audit Committee meetings is set out as follows:

Directors	Attendance/Number of Audit Committee meetings entitled to attend
Professor Lam Kin Che *(Independent non-executive Director)*	4/4
Mr. Li Wing Sum Steven *(Independent non-executive Director)*	4/4
Ms. Wong Yee Lin Elaine *(Independent non-executive Director)*	4/4

Remuneration Committee

The Board established the Remuneration Committee on 23 September 2016 with written terms of reference in compliance with the GEM Listing Rules. The terms of reference of the Remuneration Committee are available on both the GEM website and the Company's website. The primary duties of the Remuneration Committee include (but without limitation):

(i) making recommendations to the Directors regarding the Group's policy and structure for the remuneration of all of our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies;

(ii) making recommendations to the Board on the remuneration packages of the individual executive Director and senior management;

(iii) reviewing and approving the management's remuneration proposals by reference to the Board's corporate goals and objectives; and

(iv) considering and approving the grant of share options to eligible participants pursuant to the Share Option Scheme.

The composition of the Remuneration Committee during the year ended 31 March 2019 is as follows:

Ms. Wong Yee Lin Elaine *(Chairman)*
Mr. Li Wing Sum Steven
Professor Lam Kin Che
Mr. Wu Dennis Pak Kit

Board Committees (Continued)

Remuneration Committee (Continued)

One Remuneration Committee meeting was held during the year ended 31 March 2019. The Remuneration Committee reviewed the policy for the remuneration of all the Directors, accessed the performance of the executive Director and approved the terms of the executive Director's service contract for the year ended 31 March 2019. The remuneration committee also made recommendations to the Board on the remuneration packages of the individual executive Director and senior management for the year ended 31 March 2019. The attendance record of each member at the Remuneration Committee meetings is as follows:

Directors	**Attendance/Number of Remuneration Committee meetings entitled to attend**
Ms. Wong Yee Lin Elaine *(Independent non-executive Director)*	1/1
Mr. Li Wing Sum Steven *(Independent non-executive Director)*	1/1
Professor Lam Kin Che *(Independent non-executive Director)*	1/1
Mr. Wu Dennis Pak Kit *(Non-executive Director)*	1/1

Nomination Committee

The Board established the Nomination Committee on 23 September 2016 with written terms of reference in compliance with the GEM Listing Rules. The terms of reference of the Nomination Committee are available on both the GEM website and the Company's website. The primary duties of the Nomination Committee include (but without limitation):

(i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(ii) identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;

(iii) assessing the independence of independent non-executive Directors; and

(iv) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman.

The composition of the Nomination Committee during the year ended 31 March 2019 is as follows:

Ms. Kwok May Han Grace *(Chairman)*
Mr. Li Wing Sum Steven
Ms. Wong Yee Lin Elaine
Professor Lam Kin Che

Board Committees (Continued)

Nomination Committee (Continued)

One Nomination Committee meeting was held during the year ended 31 March 2019. The Nomination Committee determined the policies for the nomination of directors, including the nomination procedures and the process and criteria to select and recommend candidates for directorship during the year ended 31 March 2019. It also reviewed the Company's policies concerning board diversity for the year ended 31 March 2019. The attendance record of each member at the Nomination Committee meeting is as follows:

Directors	Attendance/Number of Nomination Committee meeting entitled to attend
Ms. Kwok May Han Grace *(Executive Director)*	1/1
Mr. Li Wing Sum Steven *(Independent non-executive Director)*	1/1
Ms. Wong Yee Lin Elaine *(Independent non-executive Director)*	1/1
Professor Lam Kin Che *(Independent non-executive Director)*	1/1

Board Diversity Policy

The Company recognises and embraces the benefits of having a Board with diversified skills, talents and experiences, and sees diversity at Board level as an essential element in maintaining a competitive advantage. The Company has therefore adopted a board diversity policy which sets out the approach to achieve and maintain diversity on the Board.

Pursuant to the policy, the Nomination Committee seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to the talents, skills, regional and industrial experience, background, gender and other qualities of the members of the Board. These factors will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All appointments of the members of the Board are made on merit, in the content of the talents, skills and experience the Board as a whole requires to be effective.

The Nomination Committee reviews and assesses the composition of the Board and makes recommendations to the Board on appointment of new Directors. The Nomination Committee also oversees the conduct of the annual review of the effectiveness of the Board.

In reviewing and assessing the composition of the Board, the Nomination Committee will consider the benefits of all aspects of diversity, including without limitation, those described above, in order to maintain an appropriate range and balance of talents, skills, experience and background on the Board.

In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

In overseeing the conduct of the annual review of the effectiveness of the Board, the Nomination Committee will consider the balance of talents, skills, experience, independence and knowledge on the Board and the diversity representation of the Board.

Board Committees (Continued)

Nomination Committee (Continued)

Measurable objectives

The Nomination Committee discusses annually the measurable objectives for achieving diversity of the Board and recommends them to the Board for adoption. The Board will consider such recommendation and may seek to improve the diversity of the board composition.

Monitoring and reporting

The Nomination Committee and the Board monitor the progress of the improvement measures on an annual basis and make relevant disclosure in the corporate governance reports of the Company on the process the Board has used in relation to Board appointments.

Reviewing the policy

The Nomination Committee will review the design, implementation and the effectiveness of the policy in its annual meeting on board diversity policy. The Nomination Committee will discuss any revisions that may be required and recommend any such revisions to the Board for approval.

ESG Committee

The Board established the ESG Committee on 23 September 2016. The terms of reference of the ESG Committee are available on both the GEM website and the Company's website. The primary function of the ESG Committee is to report and advise the Board on matters relating to environmental protection, social responsibility and corporate governance of the Group.

The composition of the ESG Committee during the year ended 31 March 2019 is as follows:

Ms. Kwok May Han Grace *(Chairman)*
Mr. Wu Dennis Pak Kit
Mr. Li Wing Sum Steven
Ms. Wong Yee Lin Elaine
Professor Lam Kin Che

Two ESG Committee meetings were held during the year ended 31 March 2019. The attendance record of each members at the ESG Committee meetings is as follows:

Directors	Attendance/Number of ESG Committee meeting entitled to attend
Ms. Kwok May Han Grace *(Executive Director)*	2/2
Mr. Wu Dennis Pak Kit *(Non-executive Director)*	2/2
Mr. Li Wing Sum Steven *(Independent non-executive Director)*	2/2
Ms. Wong Yee Lin Elaine *(Independent non-executive Director)*	2/2
Professor Lam Kin Che *(Independent non-executive Director)*	2/2

Board Committees (Continued)

Risk Management Committee

The Board established the Risk Management Committee on 23 September 2016. The terms of reference of the Risk Management Committee are available on both the GEM website and the Company's website. The primary duties of the Risk Management Committee include (but without limitation):

(i) considering the necessity of an internal audit function of the Group;

(ii) evaluating and determining the nature and extent of the significant risks face by the Group;

(iii) making recommendations to the Board on the Group's risk management and internal control systems; and

(iv) overseeing the Group's risk management framework to identify and deal with financial, operational, legal, regulatory, technology, business and strategic risks faced by the Group.

The composition of the Risk Management Committee during the year ended 31 March 2019 is as follows:

Ms. Kwok May Han Grace *(Chairman)*
Mr. Wu Dennis Pak Kit
Mr. Li Wing Sum Steven
Ms. Wong Yee Lin Elaine
Professor Lam Kin Che

One Risk Management Committee meeting was held during the year ended 31 March 2019. The Risk Management Committee has identified the risks faced by the Group and discussed the designs of the risk management and internal control systems for the year ended 31 March 2019. The committee also reviewed the adequacy of resources, qualifications and experience of the Group's staff in implementing the risk management and internal control systems for the year ended 31 March 2019. The attendance record of each members at the Risk Management Committee meeting is as follows:

Directors	**Attendance/Number of Risk Management Committee meeting entitled to attend**
Ms. Kwok May Han Grace *(Executive Director)*	1/1
Mr. Wu Dennis Pak Kit *(Non-executive Director)*	1/1
Mr. Li Wing Sum Steven *(Independent non-executive Director)*	1/1
Ms. Wong Yee Lin Elaine *(Independent non-executive Director)*	1/1
Professor Lam Kin Che *(Independent non-executive Director)*	1/1

Corporate Governance Function

During the year ended 31 March 2019, the Board has reviewed the corporate governance practices of the Company by reference to the CG Code as set out in Appendix 15 of the GEM Listing Rules. The summary of their work is as follows:

(i) reviewed the Company's policies and practices on corporate governance and make recommendations;

(ii) reviewed and monitored the training and continuous development of Directors and senior management of the Group;

(iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) developed, reviewed and monitored the code of conduct and compliance manual applicable to employees of the Group and the Directors; and

(v) reviewed the Company's compliance with the CG Code and disclosure in the corporate governance report.

Accountability and Audit

The Board acknowledges its responsibility for the preparation of the Company's consolidated financial statements for the year ended 31 March 2019 which give a true and fair view of the state of affairs of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirement under the GEM Listing Rules. The financial results of the Group are announced in a timely manner in accordance with statutory and/or regulatory requirements.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement by the external auditor about their reporting responsibilities is set out in the independent auditor's report on pages 52 to 57 of this annual report.

External Auditor's Remuneration

On 9 May 2019, KPMG, the predecessor external auditor, resigned and the Company engaged Moore Stephens CPA Limited as the external auditor to fill the casual vacancy. The fee in respect of audit services and non-audit services provided by Moore Stephens CPA Limited for the year ended 31 March 2019 amounted to HK$650,000 and HK$50,000 respectively.

The Audit Committee has expressed its view to the Board that the level of fees paid/payable by the Company to the Company's external auditor for annual audit services and non-audit services is reasonable. There has been no disagreement between the auditor and the management of the Company during the year ended 31 March 2019.

Emolument Payable to Senior Management

The emoluments payable to the three (31 March 2018: seven) members of senior management during the year ended 31 March 2019 fell within the band of HK$Nil to HK$1,000,000.

Risk Management and Internal Control Systems

The Board is responsible for monitoring the risk management and internal control systems of the Company and reviewing their effectiveness. These risk management and internal control 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.

Assisted by the Risk Management Committee, the Board evaluates and determines the nature and extent of significant risks it is willing to take in achieving the Company's strategic objectives. The Board also oversees the management in the design, implementation and monitoring of the risk management and internal control systems. Procedures have been designed and implemented to safeguard the Company's assets against unauthorised use or disposal, ensure maintenance of proper accounting records for provision of reliable financial information for internal use or for publication and ensure the Company's compliance with applicable laws, rules and regulations. The Board also ensures the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions.

To ensure the effectiveness of the risk management and internal control systems, the Board requests the management to facilitate each of the departments of the Company to identify major risk events in the field it operates and assess the possibility of occurrence and influence of these risk events to the Company. Each department also prepares solutions and mitigation measures to deal with the possible risk events to the management. The management gathers the information from each of the departments and provide confirmations and feedbacks to the Board on the effectiveness of the risk management and internal control system. Based on the information from the management, the Board conducted an annual review on the effectiveness of the Company's risk management and internal control systems for the year ended 31 March 2019.

Further, the Group has engaged an independent consulting firm (the "Consultant") to conduct a thorough compliance review (non-financial reporting) of the Group for the year ended 31 March 2019. The Consultant reported to the Risk Management Committee and the Risk Management Committee was satisfied that there had been no major deficiency noted in the areas of the Group's Corporate Governance and Compliance Management (based on Appendix 15 of the GEM Listing Rules) being reviewed after implementation of the recommendations of the Consultant with regard to internal control defects. The Board concluded that the risk management and internal control systems of the Company were adequate and effective during the year ended 31 March 2019.

The Company does not have an internal audit function as the Board presently considers that the size, nature and complexity of the Group's business does not require such function.

With respect of procedures and internal controls of the handling and dissemination of inside information, the Company is fully aware of its obligation under Part XIVA of the SFO and the GEM Listing Rules. The Board has adopted a policy which contains the guidelines of the Directors, officers and relevant employees of the Company to ensure that the inside information of the Company is to be disseminated to the public in an equal and timely manner in accordance with applicable laws and regulations.

Disclosure of Inside Information

The Group has adopted and implemented its own disclosure policy aiming to provide a general guide to the Directors and senior management of the Company in handling of confidential information and/or monitoring of information disclosure pursuant to applicable laws and regulations in compliance with the GEM Listing Rules and the SFO. The disclosure policy provides the procedures and internal controls for the handling and dissemination of inside information by publication of the announcement to the websites of the GEM and the Company on a timely basis to enable the public, shareholders, institutional investors, potential investors and other stakeholders of the Company to access the latest information of the Group, unless such information falls within the safe harbours under the SFO. Briefing and training on the implementation of the disclosure policy have been provided to Directors, officers and senior management of the Group. In addition, the relevant policy has been uploaded to the intranet of the Company for easy access by all employees.

Communication with Shareholders and Investors

The Company regards high quality reporting as an essential element in building successful relationships with its Shareholders. The Company always endeavours to provide relevant information to existing and potential investors to enhance transparency and communications with Shareholders and the investing public. Regular and publicly available disclosures about important issues, including performance, fundamental business strategy, governance and management of risk are made through various channels:

- the Company's annual general meeting and extraordinary general meetings;
- quarterly, interim and annual results announcements published on the respective websites of the Company and the Stock Exchange;
- quarterly, interim and annual reports of the Company delivered to all Shareholders;
- timely update of the respective websites of the Stock Exchange and the Company;
- circulars and other corporate communications to Shareholders; and
- announcements regarding major corporate actions and business initiatives.

The Company maintains a website at www.asecg.com where the Company's announcements, circulars, notices of general meetings, financial reports, business developments, press releases and other information are posted.

Shareholders' Rights

Set out below is a summary of certain rights of the Shareholders as required to be disclosed pursuant to the mandatory disclosure requirements:

Convening extraordinary general meeting and putting forward proposals at Shareholders' meetings

Any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary at 19/F, Kwan Chart Tower, 6 Tonnochy Road, Wan Chai, Hong Kong, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders' Rights (Continued)

Procedures for directing Shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary by mail, facsimile or email:

Address	:	19/F, Kwan Chart Tower, 6 Tonnochy Road, Wan Chai, Hong Kong
Facsimile no.	:	2815 5399
Email	:	ir@aechk.com

Shareholders may also make enquiries with the Board at the general meetings of the Company or through the online information request form on the website of the Company at www.asecg.com.

Constitutional Documents

There is no significant change in the Company's constitutional documents during the year ended 31 March 2019.

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大華馬施雲
會計師事務所有限公司

Independent Auditor's Report
to the Shareholders of Allied Sustainability and Environmental Consultants Group Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Allied Sustainability and Environmental Consultants Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 58 to 121, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, 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 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matters

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

Key audit matters (continued)

Revenue recognition

Refer to notes 4.12, 5 and 7 to the consolidated financial statements

Key Audit Matter

The Group recorded revenue from the provision of consultancy services of approximately HK$30,120,000 for the year ended 31 March 2019.

Revenue and profit from the provision of consultancy services are recognised with reference to contract costs incurred at the reporting date for work performed as a percentage of total forecast contract costs.

The recognition of revenue and profit therefore relies on management's estimation of the final outcome of each contract which involves the exercise of significant management judgement, particularly in forecasting costs to complete a contract, in considering the valuation of variation orders and in considering the ability of the Group to deliver services according to the agreed timetables.

We identified revenue recognition as a key audit matter because of the significance of contract revenue to the consolidated financial statements and because the assessment of contract progress requires the exercise of significant management judgement, particularly in relation to the estimation of total forecast contract costs which is inherently subjective and could be subject to management bias.

How our audit addressed the key audit matter

Our audit procedures to assess the recognition of revenue included the following:

- assessed the design, implementation and operating effectiveness of key internal controls over the revenue and profit recognition processes;
- discussed with the Group's management and a project director the performance of contracts, on a sample basis, and the recognition of variation orders, by obtaining and assessing information underlying the assumptions adopted, including contract agreements, sub-contracts, correspondence with customers regarding project progress, and by considering historical outcomes for similar contracts;
- recalculated the amount of revenue recognised for individual contracts, on a sample basis, based on the agreed contract sum (plus recognised variation orders, if any), total estimated costs and actual costs incurred up to the reporting date;
- inspected, on a sample basis, underlying documents in respect of actual costs incurred during the year ended 31 March 2019;
- discussed with the Group's management and a project director and inspected a sample of contract agreements with customers to identify key terms of the contract and business practice of the industry and evaluated whether these key terms and business practice have been appropriately provided the Group with an enforceable right to payment, for its performance completed to date plus a reasonable margin in situation where the contract is terminated other than the Group's non-performance and the corresponding amounts have been appropriately recognised in the consolidated financial statements;
- performed a retrospective review of the estimations of costs to complete contracts by comparing the costs incurred for contracts completed in the current year with the estimates of such costs as at 31 March 2018 to assess the reliability of management's forecasting process; and
- inspected underlying documentation for manual journal entries relating to revenue raised during the year.

Key audit matters (continued)

Impairment assessment of accounts receivable and contract assets

Refer to notes 4.9, 5 and 36(a) to the consolidated financial statements

Key Audit Matter

As at 31 March 2019, the Group had accounts receivable and contract assets amounting to approximately HK$9,229,000 and HK$33,669,000 respectively. The Group had recognised a net expected credit loss ("ECL") on accounts receivable and contract assets of approximately HK$286,000 during the year ended 31 March 2019.

The ECL assessment on accounts receivable and contract assets is considered to be a matter of most significance as it requires the application of significant judgement and use of subjective assumptions by the Group's management. The management of the Group believed that the methodologies and inputs used in estimating ECL are in accordance with the applicable accounting standard. These models and assumptions relate to the future macroeconomic conditions and debtors' creditworthiness. The Group has adopted judgement, assumptions and estimation techniques in order to measure ECL according to the requirements of accounting standards such as criteria for judging significant increase in credit risk, definition of credit-impaired financial asset, parameters for measuring ECL and forward-looking information.

How our audit addressed the key audit matter

Our key procedures to address the matter included:

- evaluated the methodologies, inputs and assumptions used by the Group in calculating the ECL, by reference to externally available economic data;
- obtained an ageing analysis of the accounts receivable from the management of the Group and tested the accuracy of ageing of accounts receivable at the reporting date to the underlying invoices on a sample basis;
- challenged the management's assessment of the recoverability of long outstanding and overdue accounts receivable and contract assets;
- selected samples considering the management's assessment of the latest financial conditions of the debtors, based on historical experience and observable external data; and
- assessed the adequacy of the ECL recorded by reviewing subsequent settlements after the year end any correspondence with customers about expected settlement dates.

Other matter

The consolidated financial statements of the Group for the year ended 31 March 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 25 June 2018.

Information other than the consolidated financial statements and auditor's report thereon

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report 2019, other than the consolidated financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the audit committee of the Company in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

Moore Stephens CPA Limited
Certified Public Accountants

Leung Yu Ngong
Practising Certificate Number: P06734

Hong Kong, 25 June 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	7	**30,120**	30,537
Cost of services provided		**(20,429)**	(17,563)
Gross profit		**9,691**	12,974
Other income and gains	7	**278**	121
Administrative expenses		**(19,993)**	(17,210)
Finance costs	8	**(144)**	(69)
Net impairment loss on accounts receivable and contract assets		**(286)**	(242)
Loss before income tax	9	**(10,454)**	(4,426)
Income tax credit	12	**570**	331
Loss for the year wholly attributable to owners of the Company		**(9,884)**	(4,095)
Other comprehensive income/(loss) for the year wholly attributable to owners of the Company, net of tax			
Items that may be reclassified subsequently to profit or loss:			
– Change in fair value of available-for-sale financial assets	13	**–**	(177)
– Reclassification adjustment of revaluation reserve upon disposal of available-for-sale financial assets	13	**–**	(82)
Item that will not be reclassified to profit or loss:			
– Change in the fair value of equity investments designated at fair value through other comprehensive income	13	**101**	–
Other comprehensive income/(loss) for the year, net of tax		**101**	(259)
Total comprehensive loss for the year wholly attributable to owners of the Company		**(9,783)**	(4,354)
Loss per share attributable to owners of the Company			
– Basic and diluted loss per share (HK cents)	14	**(0.84)**	(0.35)

Consolidated Statement of Financial Position

As at 31 March 2019

	Notes	**2019 HK$'000**	2018 HK$'000
Non-current assets			
Property, plant and equipment	15	**688**	886
Intangible assets	16	**665**	–
Prepayments for intangible assets		**160**	160
Available-for-sale financial assets	17	**–**	7,626
Financial assets at fair value through other comprehensive income	17	**3,334**	–
Deferred tax assets	26	**1,369**	345
		6,216	9,017
Current assets			
Contract assets	18	**33,669**	33,629
Accounts receivable	19	**9,229**	10,499
Prepayments, deposits and other receivables	20	**3,832**	5,840
Current tax recoverable		**781**	781
Pledged bank deposits	21(c)	**5,087**	5,018
Cash and cash equivalents	21(a)	**17,046**	31,389
		69,644	87,156
Current liabilities			
Accounts payable	22	**87**	43
Other payables and accruals	23	**6,185**	5,489
Bank loans and overdrafts	24	**3,500**	7,636
Amount due to a related party	25	**–**	4,526
Contract liabilities	18	**452**	780
Current tax payable		**160**	144
		10,384	18,618
Net current assets		**59,260**	68,538
Net assets		**65,476**	77,555
Equity			
Share capital	27	**12,000**	12,000
Reserves	28	**53,476**	65,555
Total equity		**65,476**	77,555

The consolidated financial statements on pages 58 to 121 were approved and authorised for issue by the Board of Directors on 25 June 2019 and are signed on its behalf by:

KWOK May Han Grace
Director

WU Dennis Pak Kit
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	Wholly attributable to owners of the Company						
	Issued capital HK$'000	Other reserves* HK$'000 (note 28)	Revaluation reserve* HK$'000 (note 28)	Shares held under share award scheme* HK$'000 (note 28)	Shares award reserve* HK$'000 (note 28)	Retained profits/ (accumulated losses)* HK$'000	Total equity HK$'000
At 1 April 2017	12,000	61,102	(151)	(4,099)	–	13,057	81,909
Loss for the year	–	–	–	–	–	(4,095)	(4,095)
Other comprehensive loss for the year:							
Change in fair value of available-for-sale financial assets	–	–	(177)	–	–	–	(177)
Reclassification adjustment of revaluation reserve upon disposal of available-for-sale financial assets	–	–	(82)	–	–	–	(82)
Total comprehensive loss for the year	–	–	(259)	–	–	(4,095)	(4,354)
At 31 March 2018	12,000	61,102	(410)	(4,099)	–	8,962	77,555
Impact on initial application of HKFRS 9 (note 3.2)	–	–	–	–	–	(2,217)	(2,217)
Adjusted balance at 1 April 2018	12,000	61,102	(410)	(4,099)	–	6,745	75,338
Loss for the year	–	–	–	–	–	(9,884)	(9,884)
Other comprehensive income for the year:							
Change in fair value of equity investments designated at fair value through other comprehensive income	–	–	101	–	–	–	101
Total comprehensive income/(loss) for the year	–	–	101	–	–	(9,884)	(9,783)
Purchase of shares under share award scheme (note 28)	–	–	–	(978)	–	–	(978)
Equity-settled share-based payments (note 30)	–	–	–	–	899	–	899
Ordinary shares to be issued upon vesting of share award (note 30)	–	551	–	–	(551)	–	–
At 31 March 2019	12,000	61,653	(309)	(5,077)	348	(3,139)	65,476

* These accounts comprise the consolidated reserves of approximately HK$53,476,000 (2018: HK$65,555,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Cash flows used in operating activities			
Loss before income tax		**(10,454)**	(4,426)
Adjustments for:			
Finance costs	8	**144**	69
Interest income	7	**(137)**	(19)
Dividend income	7	**(54)**	–
Depreciation of property, plant and equipment	9	**466**	443
Amortisation of intangible assets	9	**35**	–
Equity-settled share-based payment expenses	9	**899**	–
Gain on disposal of available-for-sale financial assets	7	**–**	(82)
Provision for long service payment	9	**169**	–
Impairment of accounts receivable, net	9	**562**	242
Reversal of impairment of contract assets	9	**(276)**	–
		(8,646)	(3,773)
Increase in contract assets		**(895)**	(4,169)
Increase in accounts receivable		**(816)**	(1,128)
Decrease/(increase) in prepayments, deposits and other receivables		**2,008**	(2,080)
Increase/(decrease) in accounts payable		**44**	(200)
Increase in other payables and accruals		**527**	4,193
(Decrease)/increase in contract liabilities		**(328)**	621
Cash used in operations		**(8,106)**	(6,536)
Interest received		**68**	19
Hong Kong Profits Tax paid		**–**	(2,130)
The People's Republic of China Corporate Income Tax paid		**–**	(8)
Net cash used in operating activities		**(8,038)**	(8,655)
Cash flows used in investing activities			
Payments for acquisition of property, plant and equipment		**(268)**	(124)
Prepayments for acquisition of intangible assets		**–**	(63)
Payments for acquisition of intangible assets		**(700)**	–
Payment for purchase of equity investment classified as available-for-sale financial assets		**–**	(8,779)
Proceeds from disposal of equity investment classified as available-for-sale financial assets/financial assets at fair value through other comprehensive income		**4,393**	2,873
Dividend received from equity investments at fair value through other comprehensive income		**54**	–
Net cash generated from/(used in) investing activities		**3,479**	(6,093)

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Cash flows generated from financing activities			
Proceeds from new bank loans	21(b)	**14,000**	5,107
Proceeds from amount due to a related party	21(b)	**–**	4,526
Repayment of bank loans	21(b)	**(14,809)**	(798)
Repayment to a related party	21(b)	**(4,526)**	–
Increase in pledged bank deposits		**–**	(5,018)
Payment for purchase of shares of the Company under share award scheme		**(978)**	–
Interest paid	8	**(144)**	(69)
Net cash (used in)/generated from financing activities		**(6,457)**	3,748
Net decrease in cash and cash equivalents		**(11,016)**	(11,000)
Cash and cash equivalents at beginning of the year	21(a)	**28,062**	39,062
Cash and cash equivalents at end of the year	21(a)	**17,046**	28,062
Analysis of balances of cash and cash equivalents			
Cash and bank balances	21(a)	**17,046**	31,389
Bank overdrafts	24	**–**	(3,327)
		17,046	28,062

1. Corporate Information

Allied Sustainability and Environmental Consultants Group Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The Company's subsidiaries were principally engaged in the provision of consultancy services relating to green building certification consultancy, sustainability and environmental consultancy, acoustics, noise and vibration control and audio-visual design consultancy and environmental, social and governance ("ESG") reporting consultancy in Hong Kong, Macau and the People's Republic of China (the "PRC").

In the opinion of the directors of the Company, the ultimate holding company is Gold Investments Limited, a company incorporated in the British Virgin Islands (the "BVI"). Ms. Kwok May Han Grace, the chairman and executive director of the Company, being the controlling shareholder of Gold Investments Limited, is the ultimate controlling shareholder of the Company.

The Company has direct and indirect interests in subsidiaries, all of which are private limited liability companies, the particulars of which are set out below. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation	Particulars of issued and paid up capital	Percentage of ownership interest held by the Company as at 31 March		Principal activities and place of operation
			2019	2018	
Directly held					
AEC Group Limited ("AEC BVI")	The BVI	United States dollars ("US$") 54,756	**100%**	100%	Investment holding
Indirectly held					
AEC China Development Limited	Hong Kong	HK$2	**100%**	100%	Investment holding
Allied Environmental Consultants Limited ("AEC Hong Kong")	Hong Kong	HK$2,040	**100%**	100%	Provision of consultancy services in Hong Kong
Allied Sustainability Consultants Limited	Hong Kong	HK$2	**100%**	100%	Inactive
Qianhai Allied Environmental Consultants Shenzhen Company Limited	The PRC	Renminbi 100,000	**100%**	100%	Inactive
AEC Green Construction Limited	The BVI	HK$10,000	**100%**	100%	Inactive
AECI Green Technology Company Limited	Hong Kong	HK$10,000	**100%**	100%	Inactive
AEC Lifa Air International Limited	The BVI	HK$10,000	**100%**	100%	Inactive
AEC LP Limited	Hong Kong	HK$10,000	**100%**	100%	Inactive
Light Plus Design Limited	Hong Kong	HK$10,000	**100%**	–	Provision of consultancy services in Hong Kong
Ocean International ESG Fund Limited	The Cayman Islands	US$10,000	**100%**	–	Inactive

2. Basis of Preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "Listing Rules").

The HKICPA has issued several new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Details of the changes in accounting policies are discussed in note 3.1.

2.2 Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 March 2019 comprise the Company and its subsidiaries (the "Group").

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the financial assets at fair value through other comprehensive income and available-for-sale financial assets are stated at their fair value as explained in the accounting policy set out in note 4.8.

This consolidated financial statements are presented in thousands of Hong Kong dollars ("HK$'000"), unless otherwise stated.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

Judgements made by management in the application of HKFRSs that have significant effect on these consolidated financial statements and major sources of estimation uncertainty are discussed in note 5.

3. Adoption of New and Revised HKFRSs

3.1 Adoption of new and revised HKFRSs effective from 1 April 2018

In the current year, the Group has applied a number of new HKFRSs and amendments to HKFRSs issued by the HKICPA that are mandatorily effective for an accounting period that begins on or after 1 April 2018. Of these, the following developments are relevant to the Group's consolidated financial statements:

Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions
HKFRS 9	Financial Instruments
HK(IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The Group has been impacted by HKFRS 9 *Financial Instruments* in relation to classification of financial assets and measurement of credit losses. Except for HKFRS 9, the application of these new and amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and financial positions for the current and prior years and/or disclosures set out in these consolidated financial statements.

Under the transition methods chosen, the Group has recognised cumulative effect of the initial application of HKFRS 9 as an adjustment to the opening balance of equity at 1 April 2018. Comparative information is not restated. Line items that were not affected by the changes have not been included in the following table. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The following table gives a summary of the opening balance adjustments recognised for the line items in the consolidated statement of financial position that have been impacted by HKFRS 9:

	At 31 March 2018 HK$'000	**Impact of initial application of HKFRS 9** HK$'000 (note 3.2)	**At 1 April 2018** HK$'000
Available-for-sale financial assets	7,626	(7,626)	–
Investment in equity instruments designated at fair value through other comprehensive income	–	7,626	7,626
Deferred tax assets	345	438	783
Total non-current assets	9,017	438	9,455
Contract assets	33,629	(1,131)	32,498
Accounts receivable	10,499	(1,524)	8,975
Total current assets	87,156	(2,655)	84,501
Net current assets	68,538	(2,655)	65,883
Net assets	77,555	(2,217)	75,338
Reserves	65,555	(2,217)	63,338
Total equity	77,555	(2,217)	75,338

Further details of these changes are set out in note 3.2.

The Group has early adopted HKFRS 15 *Revenue from Contracts with Customers* since the year ended 31 March 2016.

3. Adoption of New and Revised HKFRSs (continued)

3.2 HKFRS 9 *Financial Instruments*

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. In accordance with the specific transitional provisions set out in HKFRS 9, the Group has applied the classification and measurement requirements (including requirements relating to impairment under expected credit losses ("ECL") model) to items that existed as of the date of initial application (i.e. 1 April 2018) on a retrospective basis based on the facts and circumstances that existed as at 1 April 2018. However, the Group has decided not to restate the comparative figures. Accordingly, the comparative information continues to be presented based on the requirements of HKAS 39 and hence may not be comparable with the current year information. The cumulative effect of initial application of HKFRS 9 has been recognised as adjustments to the opening equity.

The following table summarises the impact of transition to HKFRS 9 on reserves and the related tax impact at 1 April 2018.

	HK$'000
Recognition of additional expected credit losses on:	
– Contract assets	1,131
– Accounts receivable	1,524
Related deferred tax assets	(438)
Net decrease in retained profits at 1 April 2018	2,217

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVTOCI") and at fair value through profit or loss ("FVTPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. The Group did not designate or de-designate any financial assets and financial liabilities at FVTPL at 1 April 2018.

Accounting policy resulting from application of HKFRS 9 are disclosed in note 4.8.

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39, and how are impacted by HKFRS 9. The table below shows a reconciliation from the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

3. Adoption of New and Revised HKFRSs (continued)

3.2 HKFRS 9 *Financial Instruments* (continued)

(i) Classification of financial assets and financial liabilities (continued)

	HKAS 39 carrying amounts at 31 March 2018 HK$'000	**Reclassification** HK$'000	**Remeasurement** HK$'000	**HKFRS 9 carrying amounts at 1 April 2018** HK$'000
Financial assets carried at amortised cost				
Contract assets (note 3.2(ii))	33,629	–	(1,131)	32,498
Accounts receivable (note 3.2(ii))	10,499	–	(1,524)	8,975
	44,128	–	(2,655)	41,473
Financial assets measured at FVTOCI (non-recycling)				
Listed equity securities (note (A))	–	7,626	–	7,626
Financial assets classified as available-for-sale under HKAS 39				
Listed equity securities (note (A))	7,626	(7,626)	–	–

Note:

(A) Under HKAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as at FVTPL under HKFRS 9, unless they are eligible for and designated at FVTOCI by the Group. At 1 April 2018, the Group designated its investment in these listed equity instruments at FVTOCI (non-recycling), as the investment is held for long term strategic purposes (note 17).

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

3. Adoption of New and Revised HKFRSs (continued)

3.2 HKFRS 9 *Financial Instruments* (continued)

(ii) Expected credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECLs model to the financial assets measured at amortised cost, including contract assets, accounts receivable, deposit and other receivables, pledged bank deposits and cash and cash equivalents.

Financial assets measured at fair value, including equity securities designated at FVTOCI (non-recycling) is not subject to the ECLs assessment.

The following table is a reconciliation that shows how the closing loss allowance as at 31 March 2018 determined in accordance with HKAS 39 can be reconciled to the opening loss allowance as at 1 April 2018 determined in accordance with HKFRS 9:

	HK$'000
Loss allowance recognised as at 31 March 2018 under HKAS 39	1,824
Additional loss allowance as a result of the application of the ECL model under HKFRS 9	
– Contract assets	1,131
– Accounts receivable	1,524
Loss allowance recognised as at 1 April 2018 under HKFRS 9	4,479

As a result of this change in accounting policy, the Group has recognised additional loss allowance amounting to approximately HK$2,655,000, which, taking into account the tax effect, has decreased reserves by approximately HK$2,217,000 at 1 April 2018.

3. Adoption of New and Revised HKFRSs (continued)

3.3 New and revised HKFRSs that issued but not yet effective for the year ended 31 March 2019

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2019 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle	1 January 2019
Amendments to HKFRS 3 (Revised)	Definition of a Business	1 January 2020
Amendments to HKAS 1 (Revised) and HKAS 8	Definition of Material	1 January 2020
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. The actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's annual report for the year ending 31 March 2020. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in the financial report.

3. Adoption of New and Revised HKFRSs (continued)

3.3 New and revised HKFRSs that issued but not yet effective for the year ended 31 March 2019 (continued)

HKFRS 16 Leases

The Group entered into leases as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of- use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for office premises and director's quarter which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the profit or loss over the period of the lease. As disclosed in note 31, at 31 March 2019, the Group's future minimum lease payments under non-cancellable operating leases amounted to approximately HK$1,270,000. Some of the amount may need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is effective for annual periods beginning on or after 1 April 2019. The standard offers different transition options and practical expedients, including the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. If this practical expedient is chosen, the Group will apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. If the practical expedient is not chosen, the Group will need to reassess all of its decisions about which existing contracts are, or contain, leases, using the new definition. Depending on whether the Group elects to adopt the standard retrospectively or follow a modified retrospective method of recognising a cumulative-effect adjustment to the opening balance of equity at the date of initial application, the Group may or may not need to restate comparative information for any changes in accounting resulting from the reassessment.

4. Summary of Significant Accounting Policies

4.1 Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

4.2 Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in these consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in these consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4. Summary of Significant Accounting Policies (continued)

4.3 Impairment of non-financial assets

Where an indication of impairment exists, the recoverable amounts of property, plant and equipment and intangible assets are estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

4.4 Related parties

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

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over 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;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group 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;
- (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); and
- (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 a parent of the Company.

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

4. Summary of Significant Accounting Policies (continued)

4.5 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its estimated residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

– Furniture, fixtures and office equipment	25 to 33%
– Motor vehicles	25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Estimated residual values, estimated useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

4.6 Intangible assets and amortisation

Intangible assets acquired separately are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any impairment loss. Amortisation for intangible assets with finite useful lives is provided on straight-line method over their estimated useful lives of five years.

Intangible assets with indefinite useful lives are carried at cost less any subsequent impairment losses. Intangible assets are tested for impairment as described above in note 4.3. Amortisation commences when intangible assets are available for use.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

4. Summary of Significant Accounting Policies (continued)

4.7 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

4.8 Financial instruments

Financial instruments from 1 April 2018

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for accounts receivable and contract assets arising from contracts with customers (that do not have separately identified financing components) which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating and recognising interest income and interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or 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 asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but not considering the expected credit losses.

Interest income which are derived from the Group's ordinary course of business are presented as other income.

Financial assets

Classification and measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

4. Summary of Significant Accounting Policies (continued)

4.8 Financial instruments (continued)

Financial instruments from 1 April 2018 (continued)

Financial assets (continued)

Classification and measurement of financial assets (continued)

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI on initial recognition/as at date of initial application of HKFRS 9 if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term;
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not a financial guarantee contract of designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Financial assets are recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Accounting policy of impairment of financial assets measured at amortised cost is stated in note 4.9.

4. Summary of Significant Accounting Policies (continued)

4.8 Financial instruments (continued)

Financial instruments from 1 April 2018 (continued)

Financial assets (continued)

Classification and measurement of financial assets (continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the fair value reserve under revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses/retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the other income and gains in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

On derecognition of an equity investments designated at FVTOCI, the cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses/retained profits.

4. Summary of Significant Accounting Policies (continued)

4.8 Financial instruments (continued)

Financial instruments from 1 April 2018 (continued)

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised costs. All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

The Group's financial liabilities include accounts payable, other payables and accruals, bank loans and overdrafts and amount due to a related party.

Financial liabilities at amortised costs are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in "Finance costs" in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

4. Summary of Significant Accounting Policies (continued)

4.8 Financial instruments (continued)

Financial instruments prior to 1 April 2018

Financial assets

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as loans and receivables and available-for-sale financial assets. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in "Finance costs" for loans and in "impairment loss on accounts receivable and contract assets" for receivables.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Available-for-sale financial assets are non-derivative financial assets in listed equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the revaluation reserve until the investment is derecognised or impaired, at which time the cumulative gain or loss recognised is reclassified from the revaluation reserve to profit or loss as other gains or losses.

4. Summary of Significant Accounting Policies (continued)

4.8 Financial instruments (continued)

Financial instruments prior to 1 April 2018 (continued)

Financial assets (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

– the rights to receive cash flows from the asset have expired; or

– the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of the consideration that the Group could be required to repay.

Financial liabilities

The accounting policy of classification and measurement of financial liabilities has no change under the application of HKAS 39 and HKFRS 39. Please refer to above accounting policy in regarding to financial liabilities.

4. Summary of Significant Accounting Policies (continued)

4.9 Impairment of financial assets

Impairment of financial assets from 1 April 2018

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including accounts receivable, contract assets and deposits and other receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for accounts receivable and contract assets without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

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

(i) Significant increase in credit risk

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

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

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor; or

– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

4. Summary of Significant Accounting Policies (continued)

4.9 Impairment of financial assets (continued)

Impairment of financial assets from 1 April 2018 (continued)

(i) Significant increase in credit risk (continued)

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

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

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

(iii) Credit-impaired financial assets

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

– significant financial difficulty of the issuer or the borrower;

– a breach of contract, such as a default or past due event;

– the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

– it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for that financial asset because of financial difficulties.

4. Summary of Significant Accounting Policies (continued)

4.9 Impairment of financial assets (continued)

Impairment of financial assets from 1 April 2018 (continued)

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped based on:

Nature of financial instruments (i.e. the Group's accounts receivable together with contract assets and deposits and other receivables are each assessed as a separate group.);

– Past–due status;

– Nature, size and industry of debtors; and

– External credit ratings where available.

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivable and contract assets where the corresponding adjustment is recognised through a loss allowance account.

4. Summary of Significant Accounting Policies (continued)

4.9 Impairment of financial assets (continued)

Impairment of financial assets prior to 1 April 2018

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to "impairment loss on accounts receivable and contract assets" in profit or loss.

4. Summary of Significant Accounting Policies (continued)

4.9 Impairment of financial assets (continued)

Impairment of financial assets prior to 1 April 2018 (continued)

Available-for-sale financial assets

Available-for-sale financial assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost. If any such evidence exists, the cumulative loss that has been recognised in the revaluation reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale financial assets are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

4.10 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits and assets similar in nature to cash, which are not restricted as to use.

4.11 Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

4. Summary of Significant Accounting Policies (continued)

4.11 Income tax (continued)

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

– when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

– when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.12 Revenue

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

4. Summary of Significant Accounting Policies (continued)

4.12 Revenue (continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue from provision of consultancy services

Revenue is recognised progressively based on input method, which the contract costs incurred to date as a percentage of total forecast costs to depict the transfer of control of the goods or services to the customer. The Group recognises revenue over time only if it can reasonably measure its progress towards complete satisfaction of the performance obligation. However, if the Group cannot reasonably measure the outcome but expects to recover the costs incurred in satisfying the performance obligation, then it recognises revenue to the extent of the costs incurred.

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

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

Any unconditional rights to consideration are presented separately as "Accounts receivable".

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

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

4.13 Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

4. Summary of Significant Accounting Policies (continued)

4.13 Employee benefits (continued)

Share award scheme

The Group operates a share award scheme for the purposes of providing the selected participants with an opportunity to acquire a proprietary interest in the Company, to encourage and retain such individuals to work with the Group and provide additional incentive for them to achieve performance goals with a view to achieve the objectives of increasing the value of the Group and aligning the interests of the selected participants directly to the shareholders of the Company through ownership of shares.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Shares held under share award scheme

The shares held under share award scheme are acquired from open market. The net consideration paid, including any directly attributable incremental costs, is presented as "Shares held under share award scheme" and deducted from total equity.

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance in Hong Kong for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

There were no forfeited contributions utilised by the Group to reduce existing level of contributions for each of the years.

4. Summary of Significant Accounting Policies (continued)

4.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.15 Foreign currencies

These consolidated financial statements are presented in HK$, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

4.16 Segment reporting

Operating segments, and the amounts of each segment item reported in these consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management 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 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

The preparation of these consolidated financial statements requires management to make judgement, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these judgement, assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The key judgement and 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 described below.

5. Significant Accounting Estimates and Judgements (continued)

Revenue

The Group's revenue is derived from contracts with customers that the Group promises to provide consultancy services to the customer in accordance with the customer's specification. Under HKFRS 15, revenue is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date (i.e. costs incurred plus reasonable profit margin). Significant judgement is required in assessing whether such criteria are met. The Group has considered the terms explicitly stated in the contract and the business practice in this industry. The directors of the Company assessed and concluded the services performed do not have any alternative use to the Group and the Group has an enforceable right to payment for performance completed to date, in particular, based on certain explicit terms in the contracts and the past practice which gives the Group the right to be paid for work done to date if the customer were to terminate the contract for reasons other than the Group's failure to perform as promised. Accordingly, revenue from provision of consultancy services is considered to be performance obligation to be satisfied over time.

Also, as further explained in note 4.12, revenue and profit recognition on provision of consultancy services is dependent on the estimation of the progress of the satisfaction of performance obligation of a service contract over time. Based on the Group's past experience and the nature of the contract activities undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and the revenue can be reliably estimated. Actual outcome in terms of total contract costs and/or revenue may be higher or lower than those estimated at the end of each reporting period, which would affect the revenue and profit recognised in future years.

Significant judgement is required to estimate the total contract costs and the recoverable variation works that will affect whether any provision is required for foreseeable losses. The estimates are made based on past experience and knowledge of the project management.

Provision of ECL for accounts receivable and contract assets

The Group uses provision matrix to calculate ECL for accounts receivable and contract assets. The provision rates are based on the Group's historical settlement experience as groupings of various debtors that have similar loss patterns. The provision matrix is based on the provision rates, taking into forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, accounts receivable and contract assets with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's accounts receivable and contract assets are disclosed in note 36(a).

Net impairment loss of accounts receivable of HK$562,000 (2018: HK$242,000) and reversal of impairment loss of contract assets of HK$276,000 (2018: Nil) were recognised during the year ended 31 March 2019. Further details are disclosed in note 36(a).

5. Significant Accounting Estimates and Judgements (continued)

Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that non-financial assets, with definite useful lives, may be impaired. If any such indication exists, the Group estimates the recoverable amount of the assets in accordance with the accounting policy stated in note 4.3. In assessing whether there is any indication that non-financial assets may be impaired, the Group considers indications from both internal and external sources of information such as evidence of obsolescence or decline in economic performance of the assets, changes in market conditions and economic environment. These assessments are subjective and require management's judgements and estimations.

During the year ended 31 March 2019, no impairment loss on property, plant and equipment and intangible assets were recognised by the Group (2018: Nil).

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Group has unused tax loss carried forward amounting to approximately HK$8,316,000 (2018: HK$2,418,000). Further details are disclosed in note 26.

6. Segment Information

For management purposes, the Group is organised into business units based on their services and has four reportable operating segments as follows:

(a) Green building certification consultancy segment involves consultancy on the application of green building certification for new buildings, existing buildings and interiors of buildings;

(b) Sustainability and environmental consultancy segment involves consultancy on sustainability and environmental impact assessment for compliance with statutory requirements in relation to environmental impact and pollution control;

(c) Acoustic, noise and vibration control and audio-visual design consultancy segment involves designs for architectural acoustic, mechanical vibration, noise control and audio-visual systems; and

(d) ESG reporting and consultancy segment involves ESG reporting and consultancy.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profits, which is a measure of adjusted loss before income tax. The adjusted loss before income tax is measured consistently with the Group's loss before income tax except that finance costs as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets exclude current tax recoverable, pledged bank deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude current tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

6. Segment Information (continued)

	Green building certification consultancy		Sustainability and environmental consultancy		Acoustics, noise and vibration control and audio-visual design consultancy		ESG reporting and consultancy		Total	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Segment revenue:										
Revenue – over time										
Hong Kong	**9,831**	15,962	**10,537**	9,350	**5,453**	2,139	**3,706**	2,457	**29,527**	29,908
The PRC	**–**	97	**–**	110	**413**	303	**24**	–	**437**	510
Macau	**–**	34	**–**	–	**156**	85	**–**	–	**156**	119
	9,831	16,093	**10,537**	9,460	**6,022**	2,527	**3,730**	2,457	**30,120**	30,537
Segment results	**2,454**	6,992	**3,210**	4,314	**1,746**	152	**1,995**	1,274	**9,405**	12,732
Reconciliation										
Unallocated income									**278**	121
Unallocated expenses									**(19,993)**	(17,210)
Finance costs									**(144)**	(69)
Loss before income tax									**(10,454)**	(4,426)
Segment assets	**23,170**	26,520	**11,528**	11,768	**7,567**	5,136	**1,826**	2,117	**44,091**	45,541
Reconciliation										
Unallocated assets									**31,769**	50,632
Total assets									**75,860**	96,173
Segment liabilities	**489**	631	**4**	145	**46**	47	**–**	–	**539**	823
Reconciliation										
Unallocated liabilities									**9,845**	17,795
Total liabilities									**10,384**	18,618
Other segment information										
Impairment of/(reversal of impairment of) accounts receivable, net	**116**	377	**264**	(135)	**140**	–	**42**	–	**562**	242
Reversal of impairment of contract assets	**(137)**	–	**(89)**	–	**(46)**	–	**(4)**	–	**(276)**	–
Unallocated:										
– Depreciation and amortisation									**501**	443
– Capital expenditure*									**968**	124

* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

6. Segment Information (continued)

(a) Geographical information

(a) The geographical information above is based on the locations of the customers.

(b) The Group's non-current assets were located in Hong Kong as at 31 March 2018 and 2019.

(b) Information about major customers

No revenue from a single external customer accounted for 10% or more of the Group's revenue for the years ended 31 March 2018 and 2019.

7. Revenue and Other Income and Gains

Revenue represents income arising from the Group's principal activities which are provision of consultancy services. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Under the contracts with customers, each consultancy service contract relates to facts and circumstances that are specific to each customer.

Revenue is recognised over time and is disaggregated by nature of consultancy services and primary geographical market in note 6.

Remaining performance obligations

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

	2019 **HK$'000**
Remaining performance obligations expected to be satisfied during the year ending:	
31 March 2020	**22,642**
31 March 2021	**2,157**
After 31 March 2021	**27,733**
	52,532

7. Revenue and Other Income and Gains (continued)

Remaining performance obligations (continued)

	2018 HK$'000
Remaining performance obligations expected to be satisfied during the year ending:	
31 March 2019	21,471
31 March 2020	10,721
After 31 March 2020	4,579
	36,771

Other income and gains

	2019 HK$'000	2018 HK$'000
Dividend income (note 17)	**54**	–
Interest income	**137**	19
Gain on disposal of available-for-sale financial assets (note 13)	**–**	82
Others	**87**	20
	278	121

8. Finance Costs

	2019 HK$'000	2018 HK$'000
Interest on bank loans and overdrafts	**144**	69

9. Loss Before Income Tax

The Group's loss before income tax is arrived at after charging/(crediting):

	2019 HK$'000	2018 HK$'000
Amortisation of intangible assets* (note 16)	**35**	–
Depreciation of property, plant and equipment* (note 15)	**466**	443
Auditor's remuneration		
– Audit services	**650**	1,025
– Non-audit services	**50**	–
Employee benefits expense (including directors' emoluments (note 10)):		
– Salaries, allowances and benefits in kind	**20,309**	18,602
– Discretionary performance-related bonuses	**1,199**	1,181
– Retirement benefit scheme contributions (defined contribution scheme)	**810**	738
– Provision for long service payment	**169**	–
– Equity-settled share-based payment expenses (note 30)	**899**	–
	23,386	20,521
Impairment of accounts receivable, net** (note 36(a))	**562**	242
Reversal of impairment of contract assets** (note 36(a))	**(276)**	–
Minimum lease payments under operating leases for buildings	**3,186**	3,666
Net foreign exchange loss	**10**	62

* Included in "administrative expenses" in profit or loss.

** Included in "net impairment loss on accounts receivable and contract assets" in profit or loss.

10. Directors' Emoluments

Directors' emoluments paid or payable disclosed pursuant to the Listing Rules and section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary performance-related bonuses HK$'000	Retirement benefit scheme contributions HK$'000	Equity-settled share-based payment expenses HK$'000	Total HK$'000
For the year ended 31 March 2019						
Chairman and executive director						
Ms. Kwok May Han Grace	**–**	**1,774**	**70**	**18**	**268**	**2,130**
Non-executive director						
Mr. Wu Dennis Pak Kit	**262**	**–**	**–**	**–**	**131**	**393**
Independent non-executive directors						
Mr. Lie Kong Sang (note (ii))	**42**	**–**	**–**	**–**	**–**	**42**
Mr. Li Wing Sum Steven (note (iii))	**84**	**–**	**–**	**–**	**–**	**84**
Ms. Wong Yee Lin Elaine	**131**	**–**	**–**	**–**	**–**	**131**
Professor Lam Kin Che	**131**	**–**	**–**	**–**	**–**	**131**
	650	**1,774**	**70**	**18**	**399**	**2,911**
For the year ended 31 March 2018						
Chairman and executive director						
Ms. Kwok May Han Grace	–	1,699	300	18	–	2,017
Non-executive director						
Mr. Wu Dennis Pak Kit	252	–	–	–	–	252
Independent non-executive directors						
Mr. Lie Kong Sang (note (ii))	126	–	–	–	–	126
Ms. Wong Yee Lin Elaine	126	–	–	–	–	126
Professor Lam Kin Che	126	–	–	–	–	126
	630	1,699	300	18	–	2,647

Notes:

(i) The Company has no chief executive.

(ii) Mr. Lie Kong Sang resigned as independent non-executive director of the Company with effect from 30 June 2018.

(iii) Mr. Li Wing Sum Steven was appointed as independent non-executive director of the Company with effect from 30 June 2018.

10. Directors' Emoluments (continued)

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office (2018: Nil).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2018: Nil).

11. Five Highest Paid Employees Emoluments

One (2018: one) of the five highest paid individuals was a director of the Company for the year ended 31 March 2019. Details of her emolument are set out in note 10. Details of the emolument of the remaining four (2018: four) non-director highest paid employees for the year ended 31 March 2019 are as follows:

	2019 HK$'000	2018 HK$'000
Salaries, allowances and benefits in kind	**2,872**	2,878
Discretionary performance-related bonuses	**227**	228
Retirement benefit scheme contributions	**72**	72
Equity-settled share-based payment expenses	**108**	–
	3,279	3,178

The emolument of the four (2018: four) non-director highest paid employees for the year ended 31 March 2019 were within the following bands:

	2019 No. of individuals	2018 No. of individuals
Emolument band		
Nil – HK$1,000,000	**3**	4
HK$1,000,001 – HK$1,500,000	**1**	–

During the years ended 31 March 2019 and 2018, no remuneration was paid by the Group to any of the non-director highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

12. Income Tax Credit

	2019 HK$'000	2018 HK$'000
Current – Hong Kong Profits Tax		
Charge for the year	–	–
Under–provision in respect of prior year	–	131
	–	131
Current – PRC Corporate Income Tax ("CIT")		
Charge/(credit) for the year	16	(6)
Deferred tax (note 26)	(586)	(456)
Income tax credit	(570)	(331)

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

12. Income Tax Credit (continued)

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the year ended 31 March 2018. On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. No Hong Kong Profits Tax has been provided for the year in the consolidated financial statements as the Group has no assessable profits derived in Hong Kong during the year ended 31 March 2019.

PRC CIT has been provided at the rate of 25% (2018: 25%) on the estimated assessable profits arising in the PRC for the year ended 31 March 2019.

A reconciliation of the tax credit applicable to loss before income tax at the statutory rate to the tax credit at the effective tax rate is as follows:

	2019 HK$'000	2018 HK$'000
Loss before income tax	**(10,454)**	(4,426)
Notional tax at the rates applicable to losses in the relevant tax jurisdictions	**(954)**	(642)
Income not taxable	**(8)**	(7)
Expenses not deductible for tax	**376**	193
Effect of CIT on PRC service income	**16**	(6)
Under-provision in respect of prior year	**–**	131
Income tax credit	**(570)**	(331)

13. Other Comprehensive Income/(loss)

Components of other comprehensive income/(loss)

	2019 HK$'000	2018 HK$'000
Available-for-sale financial assets:		
Change in fair value recognised during the year	**–**	(177)
Reclassification adjustment of revaluation reserve upon disposal of available-for-sale financial assets (note 7)	**–**	(82)
	–	(259)
Financial assets at FVTOCI:		
Change in fair value recognised during the year	**101**	–
Net movement in the revaluation reserve during the year recognised in other comprehensive income	**101**	(259)

There is no tax effect relating to the net movement of financial assets at FVTOCI and available-for-sale financial assets for the years ended 31 March 2019 and 2018.

14. Loss Per Share Attributable to Owners of the Company

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	2019 **HK$'000**	2018 HK$'000
Loss for the year attributable to owners of the Company	**(9,884)**	(4,095)

	Number of shares	Number of shares
Weighted average number of ordinary shares:		
Issued ordinary shares	**1,184,000,000**	1,184,000,000
Effect of shares purchased in the open market under share award scheme	**(3,744,658)**	–
Weighted average number of ordinary shares for the purpose of the basic loss per share	**1,180,255,342**	1,184,000,000

The calculation of the diluted loss per share attributable to owners of the Company is based on loss for the year attributable to owners of the Company and the adjusted weighted average number of ordinary shares outstanding of which are adjusted to assume exercise or conversion of all dilutive potential ordinary shares.

As at 31 March 2019, the Company has outstanding share award. The computation of diluted loss per share does not assume the exercise of the share awarded because the assumed grant of shares in relation to the share award scheme has anti-dilutive effect to the basic loss per share.

There were no dilutive potential ordinary shares during the year ended 31 March 2018 and therefore, the amount of diluted loss per share is same as the amount of basic loss per share.

15. Property, Plant and Equipment

	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 April 2017			
Cost	3,431	256	3,687
Accumulated depreciation	(2,461)	(21)	(2,482)
Net carrying amount	970	235	1,205
At 1 April 2017, net of accumulated depreciation	970	235	1,205
Additions	124	–	124
Depreciation provided during the year	(379)	(64)	(443)
At 31 March 2018, net of accumulated depreciation	715	171	886
At 31 March 2018			
Cost	3,555	256	3,811
Accumulated depreciation	(2,840)	(85)	(2,925)
Net carrying amount	715	171	886
At 1 April 2018			
Cost	3,555	256	3,811
Accumulated depreciation	(2,840)	(85)	(2,925)
Net carrying amount	715	171	886
At 1 April 2018, net of accumulated depreciation	715	171	886
Additions	268	–	268
Depreciation provided during the year	(402)	(64)	(466)
At 31 March 2019, net of accumulated depreciation	581	107	688
At 31 March 2019			
Cost	1,389	256	1,645
Accumulated depreciation	(808)	(149)	(957)
Net carrying amount	581	107	688

16. Intangible Assets

	Computer software HK$'000
Cost	
At 1 April 2017, 31 March 2018 and 1 April 2018	–
Addition	700
At 31 March 2019	700
Accumulated amortisation	
At 1 April 2017, 31 March 2018 and 1 April 2018	–
Amortisation provided during the year	(35)
At 31 March 2019	(35)
Net carrying amount	
At 31 March 2019	665
At 31 March 2018	–

17. Available-for-sale Financial Assets/Financial Assets at Fair Value through Other Comprehensive Income

	31 March 2019 HK$'000	1 April 2018 HK$'000	31 March 2018 HK$'000
Available-for-sale financial assets at fair value (note 35)			
– Listed equity securities in Hong Kong	**–**	–	7,626
Financial assets at FVTOCI (note 35)			
– Listed equity securities in Hong Kong	**3,334**	7,626	–

Listed equity securities as at 31 March 2019 and 2018 represent investments in ordinary shares of Sanbase Corporation Limited, a listed company in Hong Kong.

The Group designated the listed equity securities at FVTOCI (non-recycling) and reclassified the available-for-sale financial assets to financial assets measured at FVTOCI (non-recycling) upon the initial application of HKFRS 9 at 1 April 2018, as the investment is held for long-term strategic purposes (note 3.2).

During the year, dividends of approximately HK$54,000 were declared by the listed equity securities and received by the Group. Dividend income was recognised in the Group's consolidated statement of profit or loss and other comprehensive income under other income and gains (note 7).

18. Contract Balances

	31 March 2019 HK$'000	1 April 2018 HK$'000	31 March 2018 HK$'000
Contract assets	**34,524**	33,629	33,629
Less: Allowance for credit losses (note 36(a))	**(855)**	(1,131)	–
Contract assets, net of loss allowance	**33,669**	32,498	33,629
Contract liabilities	**(452)**	(780)	(780)
	33,217	31,718	32,849

Upon the adoption of HKFRS 9, an opening adjustment as at 1 April 2018 was made to recognise additional ECLs on contract assets (note 36(a)).

The amount of revenue recognised during the year ended 31 March 2019 from performance obligations satisfied in previous periods, mainly due to the changes in estimate of the stage of completion, is HK$208,000 (2018: HK$1,689,000).

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contracts of the Group include payment schedules which require stage payments over the service period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. The contract assets are transferred to receivables when the rights become unconditional and the Group has billed to the customers. The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the provision of related services.

Movement in the contract assets balance during the year are as follows:

	2019 HK$'000	2018 HK$'000
Transfers from contract assets recognised at the beginning of the year to receivables	**(14,281)**	(14,780)

Movement in the contract liabilities balance during the year are as follows:

	2019 HK$'000	2018 HK$'000
At the beginning of the year	**780**	159
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**(368)**	(78)
Increase of receipts in advance from customers	**40**	699
At the end of the year	**452**	780

Details of impairment assessment of contract assets for the year ended 31 March 2019 are set out in note 36(a).

19. Accounts Receivable

	31 March 2019 HK$'000	1 April 2018 HK$'000	31 March 2018 HK$'000
Accounts receivable	**13,139**	12,323	12,323
Less: Allowance for credit losses (note 36(a))	**(3,910)**	(3,348)	(1,824)
	9,229	8,975	10,499

Upon the adoption of HKFRS 9, an opening adjustment as at 1 April 2018 was made to recognise additional ECLs on accounts receivable (note 36(a)).

Accounts receivable represent receivables for contract works. Accounts receivable are due within 0 to 30 days (2018: 0 to 60 days) from the date of billing. The Group maintains active and regular control over its outstanding receivables to minimise credit risk. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

An ageing analysis of the accounts receivable as at 31 March 2018, based on the invoice date and net of impairment provisions, is as follows:

	2018 HK$'000
Within 1 month	2,999
Over 1 month but less than 3 months	3,546
Over 3 months but less than 6 months	987
Over 6 months but less than 12 months	1,103
Over 12 months but less than 24 months	832
Over 24 months	1,032
	10,499

19. Accounts Receivable (continued)

The ageing analysis of the accounts receivable based on due date is as follows:

	31 March 2019 HK$'000	1 April 2018 HK$'000	31 March 2018 HK$'000
Neither past due nor impaired	**5,043**	2,895	2,999
Less than 1 month past due	**495**	1,090	1,176
1 to 3 months past due	**1,897**	2,586	2,814
4 to 6 months past due	**593**	656	933
Over 6 months past due	**1,201**	1,748	2,577
	9,229	8,975	10,499

Accounts receivable that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Details of impairment assessment of accounts receivable for the year ended 31 March 2019 are set out in note 36(a).

20. Prepayments, Deposits and Other Receivables

	2019 HK$'000	2018 HK$'000
Prepayments	**1,748**	3,338
Deposits and other receivables	**2,084**	2,502
	3,832	5,840

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

21. Cash and Cash Equivalents

(a) Cash and cash equivalents comprise:

	2019 HK$'000	2018 HK$'000
Cash and bank balances recognised as cash and cash equivalents in the consolidated statement of financial position	**17,046**	31,389
Bank overdrafts (note 24)	**–**	(3,327)
Cash and cash equivalents in the consolidated statement of cash flows	**17,046**	28,062

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

21. Cash and Cash Equivalents (continued)

(b) Reconciliation of liabilities arising from financing activities:

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

	Amount due to a related party HK$'000 (note 25)	Bank loans HK$'000 (note 24)	Total HK$'000
At 1 April 2017	–	–	–
Changes from financing cash flows:			
Proceeds from new bank loans	–	5,107	5,107
Proceeds from amount due to a related party	4,526	–	4,526
Repayment of bank loans	–	(798)	(798)
Interest paid	–	(69)	(69)
Total changes from financing cash flows	4,526	4,240	8,766
Other change:			
Interest expenses (note 8)	–	69	69
At 31 March 2018 and 1 April 2018	4,526	4,309	8,835
Changes from financing cash flows:			
Proceeds from new bank loans	–	14,000	14,000
Repayment of bank loans	–	(14,809)	(14,809)
Repayment to a related party	(4,526)	–	(4,526)
Interest paid	–	(144)	(144)
Total changes from financing cash flows	(4,526)	(953)	(5,479)
Other change:			
Interest expenses (note 8)	–	144	144
At 31 March 2019	–	3,500	3,500

(c) Pledged bank deposits

The balance of approximately HK$5,087,000 (2018: HK$5,018,000) represents bank deposits pledged to secure the banking facilities (note 24). Pledged bank deposits earns interest at fixed rates based on pledged bank deposits rates.

22. Accounts Payable

An ageing analysis of the accounts payable as at the end of the reporting period, based on the invoice date, is as follows:

	2019 HK$'000	2018 HK$'000
Within 1 month	**18**	–
Over 1 month but within 6 months	**–**	–
Over 6 months	**69**	43
	87	43

Accounts payable are non-interest-bearing and are normally settled within 30 days (2018: within 30 days).

23. Other Payables and Accruals

	2019 HK$'000	2018 HK$'000
Accruals	**2,908**	2,430
Other payables	**394**	191
Advances received (note)	**2,714**	2,868
Provision for long service payment	**169**	–
	6,185	5,489

Note: Advances received represented the refundable deposits received from Sanbase Corporation Limited for potential consultancy services.

24. Bank Loans and Overdrafts

At 31 March 2019, the bank loans and overdrafts were repayable as follows:

	2019 HK$'000	2018 HK$'000
Within 1 year or on demand	**3,500**	7,636

At 31 March 2019, the bank loans and overdrafts were secured as follows:

	2019 HK$'000	2018 HK$'000
Secured bank overdrafts (note 21(a))	**–**	3,327
Secured bank loans	**3,500**	4,309
	3,500	7,636

24. Bank Loans and Overdrafts (continued)

At 31 March 2019 and 2018, the banking facilities of the Group were secured by corporate guarantees provided by the Company and the pledge of the Group's bank deposits (note 21(c)). Such banking facilities amounted to HK$8,500,000 (2018: HK$10,107,000). As at 31 March 2019, the facilities were utilised to the extent of HK$3,500,000 (2018: HK$7,636,000).

25. Amount Due to a Related Party

The amount due to a related party was unsecured, interest-free and repayable on demand. The related party is controlled by Mr. Wu Dennis Pak Kit, a non-executive director of the Company and a minority shareholder of the ultimate controlling company of the Company. The amount was fully repaid by the Group during the year.

26. Deferred Tax

The movements of deferred tax assets/(liabilities) during the year are as follows:

	Future benefits of unused tax losses HK$'000	**Depreciation allowance in excess of related depreciation** HK$'000	**ECL on accounts receivable and contract assets** HK$'000	**Provision for long service payment** HK$'000	**Total** HK$'000
At 1 April 2017	–	(111)	–	–	(111)
Credited to profit or loss (note 12)	410	46	–	–	456
At 31 March 2018	410	(65)	–	–	345
Impact on initial application of HKFRS 9 (note 3.2)	–	–	438	–	438
At 1 April 2018	410	(65)	438	–	783
Credited to profit or loss (note 12)	484	27	47	28	586
At 31 March 2019	894	(38)	485	28	1,369

As at 31 March 2019, all unused tax losses of the Group have no expiry dates under the current tax legislation. The Group has unused taxable losses arising in Hong Kong of approximately HK$8,316,000 (2018: HK$2,418,000). The unused tax losses are subject to the approval by the Hong Kong Inland Revenue Department. The directors of the Company considered that the deferred assets will be recoverable using the estimated future taxable income based on the approved budgets for the Group and the Group is expected to generate taxable income for the coming years.

The Group has no other material deferred tax not provided in the consolidated financial statements as there were no other material temporary differences at the end of the reporting period.

27. Issued Capital

	2019 No. of shares '000	2019 HK$'000	2018 No. of shares '000	2018 HK$'000
Ordinary shares of HK$0.01 each				
Authorised:				
At the beginning and the end of the year	**5,000,000**	**50,000**	5,000,000	50,000
Issued and fully paid:				
At the beginning and the end of the year	**1,200,000**	**12,000**	1,200,000	12,000

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

28. Reserves

Other reserves

Share premium

Other reserve comprises the share premium account of the Company, which includes the premium arising from the issue of new shares pursuant to the share offering net of listing expenses and capitalisation issue.

Capital reserve

Capital reserve represents the excess of the consideration for issuance of shares of AEC BVI over their nominal value, net of the excess of the nominal value of shares of AEC BVI over the nominal value of shares of AEC Hong Kong exchanged as part of the reorganisation arrangements undergone by the Company for the listing of the Company's shares on GEM.

Shares to be issued

Other reserve also comprises the shares which should be vested to the participants on 23 March 2019 under the Scheme (as defined in note 30). Substantive conditions including maintain as a director or an employee were satisfied before 31 March 2019 and hence the amount was transferred from "share award reserve" to "shares to be issued" under "other reserves" as at 31 March 2019. The amount of approximately HK$744,000 will be credited to "shares held under share award scheme" and the difference of approximately HK$193,000 will be debited to share premium when the relevant shares were issued to the participants subsequent to 31 March 2019.

	Share premium HK$'000	**Capital reserve** HK$'000	**Shares to be issued** HK$'000	**Total other reserves** HK$'000
At 1 April 2017, 31 March 2018 and 1 April 2018	39,254	21,848	–	61,102
Ordinary shares to be issued upon vesting of share award (note 30)	–	–	551	551
At 31 March 2019	39,254	21,848	551	61,653

28. Reserves (continued)

Revaluation reserve

The revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets held at 31 March 2018 and is dealt with in accordance with the accounting policies in note 4.8.

The Group designated the listed equity securities at FVTOCI (non-recycling), as the investment is held for long-term strategic purposes. Available-for-sale financial assets were reclassified to financial assets measured at FVTOCI (non-recycling) upon the initial application of HKFRS 9 on 1 April 2018. The revaluation reserve was reclassified as fair value reserve (non-recycling) at 1 April 2018, which also grouped as revaluation reserve in the consolidated statement of changes in equity.

Shares held under share award scheme

The shares held under share award scheme represents the aggregate price paid for acquisition of 22,100,000 (2018: 16,000,000) shares of the Company for the purpose of the Scheme in the open market as at 31 March 2019.

The Company adopted the Scheme on 8 February 2017. Pursuant to the rules of the Scheme, the Company has set up a trust, of which BOCI-Prudential Trustee Limited (the "Trustee") acted as the independent trustee. The Company's shares were purchased by the Trustee in the open market and be held in trust for the selected participants until such shares are issued under the Scheme.

Share award reserve

Share award reserve represents the value of directors and employee services in respect of shares granted under the Scheme as set out in note 30. During the year ended 31 March 2019, a total of 12,100,000 shares were granted to the participants.

29. Dividend

The Board of directors has resolved not to declare the payment of a dividend in respect of the years ended 31 March 2019 and 2018.

30. Share Award Scheme

The share award scheme of the Company (the "Scheme") was adopted on 8 February 2017 (the "Adoption Date"). The purpose of the share award scheme is to complement its human resources policy for enhancing staff welfares to ensure talents can be retained and their productivity and potentials can be elevated.

Subject to the terms of the Scheme and the Listing Rules, the board may at any time make an offer to any eligible person whom it may in its absolute discretion select to accept the grant of an award over such a number of shares as it may determine (the "Participants"). Under the Scheme, the Participants are required to be continuously employed by the Group during the vesting period. Existing shares of the Company will be purchased by the Trustee of the share award scheme from the open market out of cash contributed by the Group and be held in trust for the relevant Participants until such shares are vested with the relevant Participants in accordance with the provisions of the share award scheme. The shares of the Company held by the Trustee until issuance are recognised as "shares held under share award scheme".

30. Share Award Scheme (continued)

No shares shall be purchased pursuant to the share award scheme, nor any amounts paid to the Trustee for the purpose of making such a purchase, if as a result of such purchase, the number of shares administered under the share award scheme shall exceed 2% of the issued capital of the Company at the Adoption Date. The maximum number of shares which may be granted to a Participant at any one time or in aggregate may not exceed 1% of the issued capital of the Company at the Adoption Date.

Subject to any early termination as may be determined by the board of directors, the Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date.

Particulars and movements of the shares award under the Scheme

			Outstanding number of shares award				
Type of grantee	Date of grant	Fair value per share HK$	Balance at 1 April 2017, 31 March 2018 and 1 April 2018 '000	Granted during the year '000 (note (a))	Vested during the year '000	Lapsed during the year '000	**Balance at 31 March 2019 '000 (note (b))**
Chairman and executive director							
Ms. Kwok May Han Grace	20 April 2018	0.17	–	2,650	(880)	–	**1,770**
Non-executive director							
Mr. Wu Dennis Pak Kit	20 April 2018	0.17	–	1,300	(430)	–	**870**
			–	3,950	(1,310)	–	**2,640**
Employees							
In aggregate	20 April 2018	0.17	–	8,150	(1,930)	(2,410)	**3,810**
			–	12,100	(3,240)	(2,410)	**6,450**

Notes:

(a) On 20 April 2018, the Company granted 12,100,000 shares under the Scheme to the Participants, representing approximately 1.01% of the issued share capital of the Company at the Adoption Date. The awarded shares are subject to a vesting scale in tranches of 33% of the awarded shares respectively on the first and second anniversary dates of the grant date and the balance of the remaining awarded shares on the third anniversary date of the grant date.

(b) The outstanding number of shares award as at 31 March 2019 have the following vesting dates:

Vesting date	
23 March 2020	3,240
23 March 2021	3,210
	6,450

30. Share Award Scheme (continued)

Notes: (continued)

(c) The weighted average remaining contractual life of share award outstanding as at 31 March 2019 is 1.48 (2018: Nil) years.

During the year, 2,410,000 (2018: Nil) shares lapsed due to resignation of grantees.

The fair value of the shares granted was calculated based on the market prices of the Company's shares at the respective grant dates. No dividend was considered in the calculation. The fair value of the shares granted on 20 April 2018 was calculated as HK$0.17 per share. During the year, the Group recognised a net expense relating to the share award scheme of approximately HK$899,000 (2018: Nil) in the profit or loss (note 9).

During the year, 3,240,000 (2018: Nil) shares were vested under the Scheme and transferred out of share award reserve amounting to HK$551,000 (2018: Nil). However, due to certain administrative procedures have not yet been completed as at 31 March 2019, the respective shares have not yet been issued to the respective grantees as at 31 March 2019, such amount was recognised as "shares to be issued" under other reserves (note 28). Subsequently, the respective shares with a total carrying amount of HK$744,000 were issued and will be credited to "shares held under share award scheme" during the year ending 31 March 2020.

31. Operating Lease Arrangements

The Group leases its office premises and director's quarter under operating lease arrangements. The leases typically run for an initial period of two years (2018: one to four years).

At the end of each reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2019 **HK$'000**	2018 HK$'000
Within one year	**1,270**	3,336
In the second to fifth year, inclusive	**–**	1,270
	1,270	4,606

32. Capital Commitments

At 31 March 2019, the Group had the following capital commitments in relation to the purchase of intangible assets not provided for in the consolidated financial statements:

	2019 **HK$'000**	2018 HK$'000
Contracted for	**66**	63

33. Related Party Transactions

Other than transactions and balances disclosed elsewhere in these consolidated financial statements and compensation of key management personnel, the Group did not enter into any material related party transactions.

The compensation of key management personnel of the Group for the years ended 31 March 2019 and 2018 represented the directors' emoluments as disclosed in note 10.

34. Financial Instruments by Category

The carrying amounts of the Group's financial assets and liabilities recognised as at 31 March 2019 and 2018 are categorised as follows.

	2019 **HK$'000**	2018 HK$'000
Financial assets		
Available-for-sale financial assets	**–**	7,626
Financial assets at FVTOCI	**3,334**	–
Financial assets measured at amortised cost		
– Contract assets	**33,669**	33,629
– Accounts receivable	**9,229**	10,499
– Deposits and other receivables	**2,084**	2,502
– Pledged bank deposits	**5,087**	5,018
– Cash and cash equivalents	**17,046**	31,389
	70,449	90,663
Financial liabilities		
Financial liabilities measured at amortised cost		
– Accounts payable	**87**	43
– Other payables and accruals	**6,016**	5,489
– Bank loans and overdrafts	**3,500**	7,636
– Amount due to a related party	**–**	4,526
	9,603	17,694

35. Fair Value and Fair Value Hierarchy of Financial Instruments

The fair value measurement of the listed equity investments measured at the end of the reporting period on a recurring basis is categorised into Level 1 of the fair value hierarchy as defined in HKFRS 13 *Fair Value Measurement*. Management has assessed that the fair values of contract assets, accounts receivable, deposits and other receivables, pledged bank deposits, cash and cash equivalents, accounts payable and financial liabilities included in other payables and accruals, bank loans and overdrafts and amount due to a related party approximate to their carrying amounts largely due to the short term maturities of these instruments.

35. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

During the years ended 31 March 2018 and 2019, there was no transfer of fair value measurement between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities.

36. Financial Risk Management Objectives and Policies

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The Group is also exposed to equity price risk arising from investments in equity securities. The risks associated with financial instruments and the policies on how to mitigate these risks are described below.

Management monitors closely the Group's exposures to financial risks to ensure that appropriate measures are implemented in a timely and effective manner.

(a) Credit risk and impairment assessment

Risk management

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The Group does not hold any collateral over these receivable balances.

The Group's exposure to credit risk mainly arising from the following assets, which comprise contract assets, accounts receivable, financial assets included in deposits and other receivables, pledge deposits and cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these assets.

There are no significant concentrations of credit risk within the Group as the customer base of the Group is widely diversified.

Impairment of financial assets

Accounts receivable and contract assets arising from contracts with customers are subject to the ECL model.

While deposits and other receivables, pledged bank deposits and cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial. Deposits and other receivables are due to various group of debtors and customers and pledged bank deposits and cash and cash equivalents are placed in various authorised financial institutions and the directors of the Company consider the credit risk of these parties is low.

The Group applies HKFRS 9 and measures ECL based on a lifetime expected loss allowance for all accounts receivable and contract assets.

The Group uses provision matrix to calculate ECL for accounts receivable and contract assets. To measure the ECL, accounts receivable and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to work completed but not billed at the reporting date and have substantially the same risk characteristics as the accounts receivable for the same types of contracts. The Group has therefore concluded that the expected loss rates for accounts receivable are a reasonable approximation of the loss rates for the contract assets.

36. Financial Risk Management Objectives and Policies (continued)

(a) Credit risk and impairment assessment (continued)

Impairment of financial assets (continued)

The estimated ECL loss rates are estimated based on the Group's historical settlement experience of various groups of debtors that have similar loss patterns and are adjusted forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. The Group has identified the gross domestic product in Hong Kong to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 March 2019 and 1 April 2018 (on adoption of HKFRS 9) was determined as follows for accounts receivable:

	Expected loss rate	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**	**Net carrying amount HK$'000**
Ageing based on the invoice date				
As at 31 March 2019				
Within 1 month	**3%**	**5,184**	**(140)**	**5,044**
Over 1 month but less than 3 months	**8%**	**1,755**	**(141)**	**1,614**
Over 3 months but less than 6 months	**16%**	**1,533**	**(239)**	**1,294**
Over 6 months but less than 12 months	**50%**	**764**	**(382)**	**382**
Over 12 months but less than 24 months	**77%**	**982**	**(756)**	**226**
Over 24 months	**77%**	**2,921**	**(2,252)**	**669**
		13,139	**(3,910)**	**9,229**

	Expected loss rate	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Ageing based on the invoice date				
As at 1 April 2018				
Within 1 month	3%	2,999	(103)	2,896
Over 1 month but less than 3 months	7%	3,546	(260)	3,286
Over 3 months but less than 6 months	20%	987	(194)	793
Over 6 months but less than 12 months	30%	1,103	(329)	774
Over 12 months but less than 24 months	54%	832	(453)	379
Over 24 months	70%	2,856	(2,009)	847
		12,323	(3,348)	8,975

Increase in loss allowance during the year is due to increase in gross carrying amount of accounts receivable.

36. Financial Risk Management Objectives and Policies (continued)

(a) Credit risk and impairment assessment (continued)

Impairment of financial assets (continued)

On that basis, the loss allowance as at 31 March 2019 and 1 April 2018 (on adoption of HKFRS 9) was determined as follows for contract assets:

	Expected loss rate	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**	**Net carrying amount HK$'000**
As at 31 March 2019	**2%**	**34,524**	**(855)**	**33,669**

	Expected loss rate	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
As at 1 April 2018	3%	33,629	(1,131)	32,498

The closing loss allowances for accounts receivable and contract assets as at 31 March 2018 reconcile to the opening loss allowances on 1 April 2018 and to the closing loss allowance as at 31 March 2019 as follows:

	Accounts receivable HK$'000	**Contract assets** HK$'000
At 31 March 2018 – calculated under HKAS 39	1,824	–
Effect on adoption of HKFRS 9 (note 3.2)	1,524	1,131
At 1 April 2018 under HKFRS 9	3,348	1,131
Increase/(decrease) in loss allowance recognised in profit or loss during the year	562	(276)
At 31 March 2019	3,910	855

Accounts receivable and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 1 year past due.

Impairment losses on accounts receivable and contract assets are included in net impairment loss on accounts receivable and contract assets under the consolidated statement of profit or loss and other comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

36. Financial Risk Management Objectives and Policies (continued)

(a) Credit risk and impairment assessment (continued)

Previous accounting policy for impairment of accounts receivable and contract assets

In the prior year, the impairment of accounts receivable and contract assets were assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were recognised in a separate provision for impairment.

The Group considered that there was evidence of impairment if any of the following indicators were present:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments; and

– it becoming probable that the debtor will enter bankruptcy or financial reorganisation.

Accounts receivable and contract assets for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

The movements in loss allowance for accounts receivable under HKAS 39 for the year ended 31 March 2018 are as follows:

	HK$'000
At 1 April 2017	1,582
Impairment losses recognised, net (note 9)	242
At 31 March 2018	1,824

At 31 March 2018, accounts receivable of HK$2,347,000 were individually determined to be impaired. The individually impaired accounts receivable were related to long overdue amounts and management assessed that only a portion of the accounts receivable is expected to be recovered. Consequently, specific allowances for doubtful debts of HK$1,824,000 were recognised.

36. Financial Risk Management Objectives and Policies (continued)

(b) Liquidity risk

The Group monitors its exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the aged repayment terms. 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.

	2019		2018	
	Contractual undiscounted cash outflow on demand HK$'000	**Carrying amount HK$'000**	Contractual undiscounted cash outflow on demand HK$'000	Carrying amount HK$'000
Accounts payable	**87**	**87**	43	43
Financial liabilities included in other payables and accruals	**6,016**	**6,016**	5,489	5,489
Bank loans and overdrafts	**3,500**	**3,500**	7,636	7,636
Amount due to a related party	**–**	**–**	4,526	4,526
	9,603	**9,603**	17,694	17,694

The table below summarises the maturity analysis of bank loans with a demand clause based on agreed schedule repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis contained in the above table.

The directors of the Company do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	2019		2018	
	Contractual undiscounted cash outflow within one year HK$'000	**Carrying amount HK$'000**	Contractual undiscounted cash outflow within one year HK$'000	Carrying amount HK$'000
Bank loans and overdrafts	**3,525**	**3,500**	7,666	7,636

36. Financial Risk Management Objectives and Policies (continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profile as monitored by management is set out in below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period.

	2019		2018	
	Effective interest rate per annum %	**HK$'000**	Effective interest rate per annum %	HK$'000
Variable rate borrowings:				
Bank overdrafts	**–**	**–**	3.25	3,327
Bank loans	**2.88**	**3,500**	2.50 to 2.75	4,309
Total borrowings		**3,500**		7,636

36. Financial Risk Management Objectives and Policies (continued)

(c) Interest rate risk (continued)

(ii) Sensitivity analysis

At 31 March 2019, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's loss after income tax and increased/decreased the Group's accumulated losses by approximately HK$29,000 (2018: decreased/increased the Group's retained profits by approximately HK$63,000). Other components of equity would not be materially affected by the changes in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's loss after income tax (and accumulated losses/retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss after income tax (and accumulated losses/retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as 2018.

(d) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as financial assets at FVTOCI (2018: available-for-sale financial assets) (see note 17). All of these investments are listed.

Listed Investments held in the financial assets at FVTOCI (2018: available-for-sale portfolio) have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations. Given that the volatility of the stock markets may not have a direct correlation with the Group's investment portfolio, it is impractical to determine the impact that the changes in stock market indices would have on the Group's portfolio of equity investments.

At 31 March 2019, it is estimated that an increase/decrease of 10% (2018: 10%) in the market value of the Group's equity investments, with all other variables held constant, would have increased/decreased the Group's other components of consolidated equity by approximately HK$333,000 (2018: HK$763,000). Loss after income tax and accumulated losses would not be affected. The analysis is performed on the same basis as 2018.

(e) Capital management

The Group defines "capital" as total equity.

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group is not subject to any externally imposed capital requirements.

At 31 March 2019, the Group has interest-bearing bank loans and overdrafts amounting to HK$3,500,000 (2018: HK$7,636,000). The gearing ratio, representing the ratio of total borrowings to the total share capital and reserves of the Group was 5.3% (2018: 9.8%) at 31 March 2019.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

37. Comparative Figures

For the comparative figures of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity, "reclassification adjustment of revaluation reserve upon disposal of available-for-sale financial assets" was separated from "change in fair value of available-for-sale financial assets" and separately disclosed under other comprehensive loss for the year ended 31 March 2018.

For the comparative figures of the consolidated statement of cash flows, interest income was excluded from "Cash used in operations" by presenting as an adjustment before working capital changes and adding back as part of "Net cash used in operating activities".

38. Financial Information of the Company

(a) Statement of financial position

	2019 **HK$'000**	2018 HK$'000
Non-current assets		
Investment in a subsidiary	**78,037**	77,538
Current assets		
Prepayment, deposit and other receivables	**37**	–
Cash and cash equivalents	**38**	16
	75	16
Current liabilities		
Other payables and accruals	**5**	–
Amount due to a subsidiary	**12,636**	10,869
	12,641	10,869
Net current liabilities	**(12,566)**	(10,853)
Net assets	**65,471**	66,685
Capital and reserves		
Share capital	**12,000**	12,000
Reserves	**53,471**	54,685
Total equity	**65,471**	66,685

The financial statements were approved and authorised for issue by the Board of Directors on 25 June 2019 and are signed on its behalf by:

KWOK May Han Grace
Director

WU Dennis Pak Kit
Director

38. Financial Information of the Company (continued)

(b) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Issued capital HK$'000	Share premium*# HK$'000	Other reserve* HK$'000 (note 28)	Capital reserve*## HK$'000	Shares held under share award scheme* HK$'000 (note 28)	Share award reserve* HK$'000 (note 28)	Accumulated losses* HK$'000	Total equity HK$'000
At 1 April 2017	12,000	39,254	–	37,607	(4,099)	–	(348)	84,414
Loss and total comprehensive loss for the year	–	–	–	–	–	–	(17,729)	(17,729)
At 31 March 2018 and 1 April 2018	12,000	39,254	–	37,607	(4,099)	–	(18,077)	66,685
Loss and total comprehensive loss for the year	–	–	–	–	–	–	(1,135)	(1,135)
Purchase of shares under share award scheme (note 28)	–	–	–	–	(978)	–	–	(978)
Equity-settled share-based payments (note 30)	–	–	–	–	–	899	–	899
Ordinary shares to be issued upon vesting of share award (note 30)	–	–	551	–	–	(551)	–	–
At 31 March 2019	12,000	39,254	551	37,607	(5,077)	348	(19,212)	65,471

* These accounts comprise the reserves of approximately HK$53,471,000 (2018: HK$54,685,000) in the statement of financial position of the Company.

The share premium account of the Company includes the premium arising from the issue of new shares pursuant to the share offering net of listing expenses and capitalisation issue.

Capital reserve of the Company represents the difference between the net asset value of AEC BVI acquired pursuant to the reorganisation arrangements undergone by the Company for the listing of the Company's shares on GEM, and the nominal value of the shares issued by the Company in exchange therefor.

Financial Summary

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 March				
	2019 **HK$'000**	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000
Revenue	**30,120**	30,537	35,096	32,539	28,347
Gross profit	**9,691**	12,974	19,425	20,043	17,576
(Loss)/profit before income tax	**(10,454)**	(4,426)	(4,798)	7,607	12,057
(Loss)/profit for the year	**(9,884)**	(4,095)	(6,088)	5,448	9,997
Attributable to:					
Owners of the Company	**(9,884)**	(4,095)	(6,088)	5,448	9,997
Basic (loss)/earnings per share (HK cents)	**(0.84)**	(0.35)	(0.56)	0.57	–*

Consolidated Statement of Financial Position

	As at 31 March				
	2019 **HK$'000**	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000
Assets and liabilities					
Assets					
Non-current assets	**6,216**	9,017	3,199	250	611
Current assets	**69,644**	87,156	81,895	50,146	36,421
Total assets	**75,860**	96,173	85,094	50,396	37,032
Liabilities					
Current liabilities	**10,384**	18,618	3,074	6,588	7,289
Non-current liabilities	**–**	–	111	15	2,248
Total liabilities	**10,384**	18,618	3,185	6,603	9,537
Net current assets	**59,260**	68,538	78,821	43,558	29,132
Total assets less current liabilities	**65,476**	77,555	82,020	43,808	29,743
Total equity attributable to owners of the Company	**65,476**	77,555	81,909	43,793	27,495

Note: The figures for the years ended 31 March 2016 and 2015 are extracted from the prospectus in relation to the listing of the Company's shares on GEM dated 30 September 2016 (the "Prospectus").

* Earnings per share information for the year ended 31 March 2015 is not meaningful due to the reorganisation of the Group as disclosed in note 2.2 to the accountants' report of the Prospectus.