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LKS HOLDING GROUP LIMITED

樂嘉思控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code on GEM: 8415)

(Stock Code on Main Board: 1867)

TRANSFER OF LISTING FROM GEM TO THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Joint Sponsors

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Reference is made to the announcements of the Company dated 31 August 2018 and 11 March 2019 in relation to the formal application (“**Application**”) submitted to the Stock Exchange for the Transfer of Listing pursuant to Chapter 9A of the Listing Rules.

On 31 August 2018, a formal application was made by the Company to the Stock Exchange for the Transfer of Listing. The Application was lapsed on 28 February 2019 and was resubmitted on 11 March 2019. The Company has applied for the listing of, and permission to deal in, (i) the 1,120,000,000 Shares in issue; and (ii) any Shares which may be issued upon the exercise of any share options which may be granted under the Share Option Scheme, by way of transfer of listing from GEM to the Main Board.

The Board is pleased to announce that the approval-in-principle for the Transfer of Listing has been granted by the Stock Exchange on 29 April 2019. The last day of dealings in the Shares on GEM will be 8 May 2019. Dealings in the Shares on the Main Board will commence at 9:00 a.m. on 9 May 2019. The Shares will be traded on the Main Board under the new stock code “1867”.

All pre-conditions for the Transfer of Listing as set out in Rule 9A.02 of the Listing Rules have, insofar as applicable, been fulfilled in relation to the Company and its Shares as at the date of this announcement.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for delivery, trading, settlement and registration purposes, and will not involve any transfer or exchange of the existing share certificates. No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the abovementioned share registrars and transfer offices of the Company following the Transfer of Listing.

TRANSFER OF THE LISTING OF THE SHARES FROM GEM TO THE MAIN BOARD

Reference is made to the announcements of the Company dated 31 August 2018 and 11 March 2019 in relation to the formal application (“**Application**”) submitted to the Stock Exchange for the Transfer of Listing pursuant to Chapter 9A of the Listing Rules.

On 31 August 2018, a formal application was made by the Company to the Stock Exchange for the Transfer of Listing. The Application was lapsed on 28 February 2019 and was resubmitted on 11 March 2019. The Company has applied for the listing of, and permission to deal in, (i) the 1,120,000,000 Shares in issue; and (ii) any Shares which may be issued upon the exercise of any share options which may be granted under the Share Option Scheme, by way of transfer of listing from GEM to the Main Board.

The Board is pleased to announce that the Stock Exchange has granted its approval in-principle on 29 April 2019 for the Shares to be listed on the Main Board and delisted from GEM according to paragraph 10(7) of Appendix 28 of the Listing Rules.

The Board confirms that all pre-conditions for the Transfer of Listing as set out in Rule 9A.02 of the Listing Rules have, insofar as applicable, been fulfilled in relation to the Company and its Shares as at the date of this announcement.

REASONS FOR THE TRANSFER OF LISTING

The Company has been listed on GEM since 12 January 2017. The Group is a contractor capable of providing (i) interior fitting-out and renovation services; and (ii) A&A works for residential, industrial and commercial properties in Hong Kong. Further details of the principal activities of the Group are set out in the paragraph headed “Summary of the Group’s business” in this announcement.

Following the amendments to the Listing Rules and GEM Listing Rules in February 2018, the Stock Exchange positioned the Main Board as a “premier board” and re-positioned GEM as a standalone board. Companies listed on the Main Board have been perceived to enjoy a

more advanced status by investors as compared to GEM and the Directors expect that the Main Board will continue to bolster market's confidence and attract capital from a diverse range of investors. The Directors believe that by maintaining the Group's quality services and being a versatile and distinctive contractor in the interior fitting-out, renovation and A&A industries, the Group has achieved the market standard that is commensurate with other companies listed on the Main Board and is of the view that the Transfer of Listing will result in a larger investor base and higher trading liquidity of the Shares and promote the Company's corporate profile and recognition among public investors, customers and other stakeholders. Also, the Transfer of Listing will strengthen the Group's position in the industry and enhance the Group's competitive strengths in retaining and attracting professional staff and customers. For example, after the Listing, the Group was awarded an A&A works project with an initial contract sum of approximately HK\$71.5 million, which is the largest contract in terms of contract sum the Group has ever been awarded. Therefore, the Directors are of the view that the Transfer of Listing will be beneficial to the future growth, tendering for large scale projects, financing flexibility and business development of the Group which will create a long-term value to the Shareholders.

The Transfer of Listing will not involve any issue of new Shares by the Company. As at the date of this announcement, the Board does not contemplate any material change in the nature of the business activities of the Group following the Transfer of Listing.

DEALINGS IN THE SHARES ON THE MAIN BOARD

The Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from 12 January 2017, the date on which the Shares were listed on GEM. Subject to the continued compliance with the stock admission requirements of HKSCC, the Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS once dealings in the Shares on the Main Board commence, and that all activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The last day of dealings in the Shares on GEM (Stock Code: 8415) will be 8 May 2019. Dealings in the Shares on the Main Board will commence at 9:00 a.m. on 9 May 2019. The Shares will be traded on the Main Board under the new stock code "1867" following the Transfer of Listing.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for delivery, trading, settlement and registration purposes, and will not involve any transfer or exchange of the existing share certificates. Currently, the Shares are traded in a board lot of 10,000 Shares each and are traded in Hong Kong dollars. The principal share registrar and transfer office of the Company is Estera Trust (Cayman) Limited and the Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited. No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the abovementioned share registrars and transfer offices of the Company following the Transfer of Listing.

SHARE OPTION SCHEME

The Share Option Scheme was adopted by the Company on 23 December 2016 pursuant to which the Company may grant options to individuals including employee, director, adviser, consultant, service provider, agent, customer, contractor, supplier or business partner of the Company and any subsidiary to acquire shares of the Company. The Directors consider that the Share Option Scheme assists in attracting and retaining the best available personnel, to provide additional incentive to employees, directors, consultants, advisers, contractors, suppliers, agents, business partners and service providers of the Group and to promote the success of the business of the Group.

The Share Option Scheme will remain valid and effective following the Transfer of Listing and will be implemented in full compliance with the requirements under Chapter 17 of the Listing Rules.

Pursuant to the Share Option Scheme, the Company may grant options in respect of a total of 112,000,000 Shares during the remaining term of the Share Option Scheme. As at the date of this announcement, no option has been granted by the Company or outstanding under the Share Option Scheme. The listing of the Shares which may be issued pursuant to the Share Option Scheme will also be transferred to the Main Board pursuant to Rule 9A.10 of the Listing Rules.

As at the date of this announcement, save for the options that may be granted under the Share Option Scheme, the Company does not have any other options, warrants or similar rights or convertible equity securities in issue which will be transferred to the Main Board.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Pursuant to Rule 9A.12 of the Listing Rules, the general mandates granted by the Shareholders at the annual general meeting of the Company held on 1 August 2018 to allot new Shares and repurchase Shares will continue to be valid and remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or the applicable law of the Cayman Islands to be held; and
- (c) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors.

PUBLIC FLOAT

The Directors confirm that not less than 25% of the total issued share capital of the Company is held by the public (as defined in the Listing Rules) as at the date of this announcement. Accordingly, the minimum 25% public float requirement has been maintained in compliance with Rule 8.08 of the Listing Rules.

PUBLICATION OF RESULTS

Upon the Transfer of Listing, the Company will cease the practice of quarterly reporting of financial results and will follow the relevant requirements of the Listing Rules which include publishing interim results and annual results within two months and three months from the end of the relevant periods or financial year ends, respectively. The Board is of the view that the investors and Shareholders will continue to have access to relevant information on the Company following the reporting requirements under the Listing Rules.

SUMMARY OF THE GROUP'S BUSINESS

The Group mainly provides (i) interior fitting-out and renovation services; and (ii) A&A works for residential, industrial and commercial properties in Hong Kong. Ample Design, a wholly-owned subsidiary of the Company, also provides interior design services to clients.

Ample Construction, the principal operating subsidiary of the Company for contracting businesses, is also a Registered General Building Contractor registered with the Building Authority and is approved to carry out general building works and street works under the Buildings Ordinance. Since November 2017, the Group has been included in the "Group M1 (Probationary)" of the List of Building Contractors maintained by the Housing Authority under the category of "Building (Maintenance)" such that the Group is eligible to tender maintenance works from the Housing Authority. After the inclusion in the "Group M1 (Probationary)", the Group has been actively identifying the appropriate tender invitations and five tenders with aggregate tendered sums of approximately HK\$596,529,000 have been submitted for maintenance and improvement contracts to the Housing Authority. As at the date of this announcement, the Group has been awarded with one contract from the Housing Authority with a contract sum of HK\$31,009,000. The Directors believe that the Transfer of Listing will be favourable to the Group, including attracting and retaining talents to join the Group, for the development of this area.

The following table sets out a breakdown of the Group's revenue for the three years ended 31 March 2018 and the nine months ended 31 December 2017 and 2018 by type of services:

Type of services	For the year ended 31 March						For the nine months ended 31 December			
	2016		2017		2018		2017		2018	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000 (unaudited)	% (unaudited)	HK\$'000 (unaudited)	%
Fitting-out and renovation services	94,644	67.3	77,404	46.7	86,644	36.0	74,365	52.9	92,861	54.5
A&A works	39,130	27.8	80,062	48.3	149,098	61.9	62,340	44.4	71,233	41.8
Interior design services	6,945	4.9	8,249	5.0	5,056	2.1	3,764	2.7	6,446	3.7
Total	140,719	100	165,715	100	240,798	100	140,469	100	170,540	100

The revenue of the Group grew by 17.8% and 45.3% for the years ended 31 March 2017 and 2018 year-on-year respectively, due to the increasing number of projects from fitting-out and renovation services and A&A works. Especially in the A&A works sector, revenue increased by 104.6% and 86.2% over the years ended 31 March 2017 and 2018, respectively. For the nine months ended 31 December 2018, the revenue of the Group increased by 21.4% as compared with the corresponding period in 2017. Such increase was mainly driven by the increase in revenue generated from fitting-out and renovation services as a result of the increase in number of projects undertaken. Fitting-out and renovation services and A&A works will remain the Group's focus of business development, while its interior design services will continue to complement the Group's business.

The Group's project work portfolio

During the three years ended 31 March 2018 and up to the Latest Practicable Date, the Group completed a total of 179 fitting-out and renovation projects, 274 A&A projects and 93 interior design projects, of which 154 were in the residential sector and 392 in commercial and industrial sector.

Number of projects completed	For the year ended 31 March			From
	2016	2017	2018	1 April 2018 to the Latest Practicable Date
Fitting-out and renovation works	33	59	39	48
A&A works	57	66	81	70
Interior design services	11	30	21	31
	101	155	141	149
Residential	24	40	52	38
Commercial and industrial	77	115	89	111
	101	155	141	149

As at the Latest Practicable Date, the Group has 35 fitting-out and renovation projects, 49 A&A projects and 6 interior design projects on hand, of which 25 are residential projects and 65 are commercial and industrial projects.

In respect of the fitting-out and renovation segment, the following table sets forth the breakdown of the Group's projects based on scale for the periods indicated:

	For the year ended 31 March						For the nine months ended 31 December			
	2016		2017		2018		2017		2018	
	<i>Number of projects</i>	<i>HK\$'000</i>	<i>Number of projects</i>	<i>HK\$'000</i>	<i>Number of projects</i>	<i>HK\$'000</i>	<i>Number of projects</i>	<i>HK\$'000</i>	<i>Number of projects</i>	<i>HK\$'000</i>
								(unaudited)		(unaudited)
Revenue recognised from fitting-out and renovation projects										
More than HK\$10 million	2	47,265	1	30,201	3	45,239	–	–	2	41,174
More than HK\$5 million to HK\$10 million	3	20,492	2	13,736	1	5,944	3	22,422	3	22,681
More than HK\$1 million to HK\$5 million	7	17,313	9	21,039	12	28,700	15	39,048	10	20,914
HK\$1 million or less	32	9,574	63	12,428	39	6,761	48	12,895	54	8,092
	<u>44</u>	<u>94,644</u>	<u>75</u>	<u>77,404</u>	<u>55</u>	<u>86,644</u>	<u>66</u>	<u>74,365</u>	<u>69</u>	<u>92,861</u>

In respect of the A&A works segment, the following table sets forth the breakdown of the Group's projects based on scale for the periods indicated:

	For the year ended 31 March						For the nine months ended 31 December			
	2016		2017		2018		2017		2018	
	<i>Number of projects</i>	<i>HK\$'000</i>	<i>Number of projects</i>	<i>HK\$'000</i>	<i>Number of projects</i>	<i>HK\$'000</i>	<i>Number of projects</i>	<i>HK\$'000</i>	<i>Number of projects</i>	<i>HK\$'000</i>
								(unaudited)		(unaudited)
Revenue recognised from A&A projects										
More than HK\$10 million	1	17,254	–	–	2	36,361	1	17,330	2	23,015
More than HK\$5 million to HK\$10 million	1	7,548	5	39,908	8	56,063	4	29,365	1	9,250
More than HK\$1 million to HK\$5 million	2	4,155	8	27,185	18	45,964	3	9,455	14	32,239
HK\$1 million or less	64	10,173	89	12,969	100	10,710	73	6,190	60	6,729
	<u>68</u>	<u>39,130</u>	<u>102</u>	<u>80,062</u>	<u>128</u>	<u>149,098</u>	<u>81</u>	<u>62,340</u>	<u>77</u>	<u>71,233</u>

In respect of the interior design services segment, the following table sets forth the breakdown of the Group's projects based on scale for the periods indicated:

	For the year ended 31 March						For the nine months ended 31 December			
	2016		2017		2018		2017		2018	
	<i>Number of projects</i>	<i>HK\$'000</i>	<i>Number of projects</i>	<i>HK\$'000</i>	<i>Number of projects</i>	<i>HK\$'000</i>	<i>Number of projects</i>	<i>HK\$'000</i>	<i>Number of projects</i>	<i>HK\$'000</i>
							(unaudited)	(unaudited)		
Revenue recognised from interior design projects										
More than HK\$1 million	3	5,131	1	1,108	1	1,698	1	1,567	2	2,283
HK\$1 million or less	17	1,814	35	7,141	27	3,358	22	2,197	35	4,163
	<u>20</u>	<u>6,945</u>	<u>36</u>	<u>8,249</u>	<u>28</u>	<u>5,056</u>	<u>23</u>	<u>3,764</u>	<u>37</u>	<u>6,446</u>

Quotations submitted

The Group has secured projects mainly by going through a competitive bidding process, whereby the Group either receives invitations for tender or requests for quotation. The following table sets out the number of project bids, number of successful project bids and the Group's success rate during the three years ended 31 March 2018 and the nine months ended 31 December 2018:

	For the year ended 31 March			For the nine months ended 31 December
	2016	2017	2018	2018
Number of project bids	632	618	888	587
Number of successful project bids	114	116	168	112
Success rate (%)	18.0%	18.8%	18.9%	19.1%

Top jobs based on revenue contribution

The following table sets out the top five projects with the highest revenue contribution to the Group for the three years ended 31 March 2018 and the nine months ended 31 December 2018:

For the year ended 31 March 2016

Rank	Job no.	Type of project	Revenue		% of total revenue of the Group for the year
			Initial contract sum	derived from the project for the year	
			(Note)		
			HK\$'000	HK\$'000	%
1	P914	Fitting-out and renovation	26,400	28,773	20.4
2	P966	Fitting-out and renovation	18,348	18,492	13.1
3	P876	A&A works	16,950	17,254	12.3
4	P859	Fitting-out and renovation	17,000	8,282	5.9
5	P927	A&A works	7,894	7,548	5.4

For the year ended 31 March 2017

Rank	Job no.	Type of project	Revenue		% of total revenue of the Group for the year
			Initial contract sum	derived from the project for the year	
			(Note)		
			HK\$'000	HK\$'000	%
1	P961	Fitting-out and renovation	51,976	30,202	18.2
2	P1032	A&A works	9,630	9,630	5.8
3	P1006	A&A works	10,200	9,265	5.6
4	P1100	A&A works	8,074	7,756	4.7
5	P1098	A&A works	9,945	7,558	4.6

For the year ended 31 March 2018

Rank	Job no.	Type of project	Initial contract sum <i>HK\$'000</i>	Revenue derived from the project for the year <i>(Note)</i> <i>HK\$'000</i>	% of total revenue of the Group for the year %
1	P1176	A&A works	24,311	22,337	9.3
2	P1240	Fitting-out and renovation	20,305	20,227	8.4
3	P1169	A&A works	13,183	14,024	5.8
4	P1165	Fitting-out and renovation	16,167	12,647	5.3
5	P1255	Fitting-out and renovation	13,689	12,365	5.1

For the nine months ended 31 December 2018

Rank	Job no.	Type of project	Initial contract sum <i>HK\$'000</i>	Revenue derived from the project for the period <i>(Note)</i> <i>HK\$'000</i> (unaudited)	% of total revenue of the Group for the period %
1	P1356	Fitting-out and renovation	20,000	24,186	14.2
2	P1378	Fitting-out and renovation	18,000	16,988	10.0
3	P1267	A&A Works	12,700	12,700	7.4
4	P1268	A&A Works	12,939	10,315	6.0
5	P1332	A&A Works	11,450	9,250	5.4

Note: Final revenue derived from a project may be greater or smaller than the initial contract sum due to variations which may include additions, substitutions or omissions from the original scope of works.

Major projects on hand

As at the Latest Practicable Date, the Group had 13 projects on hand (including projects in progress and projects which have not yet commenced) which had a contract sum over HK\$5 million. The following table sets forth the details of the Group's projects on hand as at the Latest Practicable Date with an initial contract sum exceeding HK\$5 million:

Job no.	Location of project	Type of project	Sector	Actual/	Expected	Revenue		Revenue
				expected	completion	recognised up to	expected to be	
				commencement	date	Initial	31 March 2018	recognised during
				date	date	contract sum	(Note 3)	two years ending
				(Note 1)	(Note 2)	HK\$'000	HK\$'000	31 March 2020
								(Note 3)
								HK\$'000
P1338	Yau Tsim Mong District	A&A works	Commercial and industrial	October 2018	April 2021	71,468	–	71,468
P1388	Yau Tsim Mong District & Sai Kung District	A&A works	Residential	November 2018	November 2019	31,009	–	31,009
P1309	Central and Western District	Fitting-out and renovation	Commercial and industrial	April 2018	October 2019	21,729	–	21,729
P1378	Wan Chai District	Fitting-out and renovation	Commercial and industrial	October 2018	April 2019	18,000	–	21,099
P1165	Tuen Mun District	Fitting-out and renovation	Commercial and industrial	June 2017	May 2019	16,167	12,647	4,039
P1395	Kowloon City District	A&A works	Residential	December 2018	May 2019	15,271	–	15,271
P1393	Southern District	Fitting-out and renovation	Commercial and industrial	December 2018	April 2019	14,850	–	14,025
P1332	Central and Western District	A&A works	Residential	August 2018	May 2019	11,450	–	11,450
P1006	Kowloon City District	A&A works	Residential	June 2016	May 2019	10,200	9,816	384
P1137	Wan Chai District	A&A works	Commercial and industrial	May 2017	May 2019	8,394	7,759	635
P1370	Central and Western District	Fitting-out and renovation	Commercial and industrial	August 2018	May 2019	7,849	–	7,849
P1310	Kowloon City District	A&A works	Residential	June 2018	October 2019	7,168	–	7,172
P1390	Yuen Long District	Fitting-out and renovation	Commercial and industrial	November 2018	May 2019	5,400	–	5,400

Notes:

1. The actual/expected project commencement date is determined based on the date as set out in its record, first invoice to the customer or the Directors' estimation based on the work schedule of the projects.
2. The expected project completion date is determined based on the date as specified in the original contract or letter of award or the Directors' estimation based on the latest work schedule of the projects.
3. Final revenue derived from a project may be greater or smaller than the initial contract sum as variations which may include additions, substitutions or omissions from the original scope of works.

Major completed projects

During the three years ended 31 March 2018 and the nine months ended 31 December 2018, the Group completed the following major projects each with a project sum exceeding HK\$5 million:

No.	Location of project	Type of project	Sector	Project duration (Note 1 and 2)	Total contract sum HK\$'000 (Note 3)	Revenue recognised			For the nine months ended 31 December 2018 HK\$'000 (unaudited)
						For the year ended 31 March			
						2016 HK\$'000	2017 HK\$'000	2018 HK\$'000	
P961	Eastern District	Fitting-out, renovation and A&A works	Commercial and industrial	November 2015 – September 2017	39,229	6,559	30,202	2,468	–
P871	Yau Tsim Mong District	Fitting-out and renovation	Commercial and industrial	September 2014 – December 2016	43,230	5,650	2,944	–	–
P914	Yau Tsim Mong District	Fitting-out and renovation	Commercial and industrial	April 2015 – February 2018	32,734	28,773	2,771	1,190	–
P876	Yau Tsim Mong District	A&A works	Commercial and industrial	September 2014 – December 2016	25,246	17,254	879	–	–
P1356	Yau Tsim Mong District	Fitting-out and renovation	Commercial and industrial	July 2018 to October 2018	24,186	–	–	–	24,186
P859	Yau Tsim Mong District	Fitting-out and renovation	Commercial and industrial	August 2014 – September 2018	22,996	8,282	1,035	260	250
P1240	Central and Western District	Fitting-out and renovation	Commercial and industrial	January 2018 – November 2018	21,291	–	–	20,227	1,064
P852	Yau Tsim Mong District	Fitting-out and renovation	Commercial and industrial	July 2014 – May 2015	20,850	3,386	1,171	–	–
P966	Wan Chai District	Fitting-out and renovation	Commercial and industrial	November 2015 – April 2016	19,651	18,492	1,159	–	–
P1169	Kowloon City District	A&A works	Residential	June 2017 – August 2018	15,310	–	–	14,024	1,286
P1098	Central and Western District	A&A works	Commercial and industrial	February 2017 – June 2017	14,017	–	7,558	6,459	–
P1255	Yau Tsim Mong District	Fitting-out and renovation	Commercial and industrial	November 2017 – March 2018	13,689	–	–	12,365	1,324
P1268	Wan Chai District	A&A works	Commercial and industrial	January 2018 – November 2018	13,098	–	–	2,783	10,315
P1267	Kwun Tong District	A&A works	Commercial and industrial	May 2018 – June 2018	12,700	–	–	–	12,700

No.	Location of project	Type of project	Sector	Project duration (Note 1 and 2)	Total contract sum HK\$'000 (Note 3)	Revenue recognised			For the nine months ended 31 December 2018
						2016	2017	2018	2018
						HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)
P1100	Yau Tsim Mong District	A&A works	Commercial and industrial	January 2017 – June 2017	12,012	–	7,756	4,256	–
P863	Tung Chung	Building construction	Residential	August 2014 – September 2015	12,000	1,450	–	–	–
P1133	Kowloon City District	A&A works	Commercial and industrial	February 2017 – June 2017	11,329	–	4,916	6,413	–
P1108	Yau Tsim Mong District	A&A works	Commercial and industrial	February 2017 – June 2017	11,007	–	5,699	5,308	–
P1266	Eastern District	A&A works	Residential	February 2018 – June 2018	10,200	–	–	8,020	2,180
P1032	Tsuen Wan District	A&A works	Commercial and industrial	September 2016 – November 2016	9,630	–	9,630	–	–
P1192	Central and Western District	A&A works	Commercial and industrial	July 2017 – October 2018	10,280	–	–	9,515	55
P1354	Islands District	Fitting-out and renovation	Commercial and industrial	July 2018 – October 2018	8,900	–	–	–	7,565
P1254	Southern District	A&A works	Residential	November 2017 – September 2018	8,628	–	–	5,002	3,238
P927	Kowloon City District	A&A works	Residential	June 2015 – December 2017	7,975	7,548	201	226	–
P1064	Eastern District	Fitting-out and renovation	Commercial and industrial	November 2016 – March 2018	7,604	–	6,950	654	–
P1228	Yau Tsim Mong District	A&A works	Commercial and industrial	December 2017 – May 2018	7,587	–	–	7,587	–
P1021	Tuen Mun District	Fitting-out and renovation	Residential	May 2016 – September 2016	6,786	–	6,786	–	–
P1252	Central and Western District	A&A works	Commercial and industrial	November 2017 – May 2018	6,000	–	–	3,402	2,598
P1188	Central and Western District	Fitting-out and renovation	Commercial and industrial	September 2017 – April 2018	5,888	–	–	4,194	1,046
P1177	Sham Shui Po District	A&A works	Commercial and industrial	November 2017 – October 2018	5,810	–	–	2,839	1,640
P1260	Central and Western District	A&A works	Commercial and industrial	December 2017 – October 2018	5,656	–	–	1,970	3,686
P1258	Kwun Tong District	A&A works	Commercial and industrial	February 2018 – June 2018	5,484	–	–	2,632	2,852

No.	Location of project	Type of project	Sector	Project duration (Note 1 and 2)	Total contract sum HK\$'000 (Note 3)	Revenue recognised			For the nine months ended 31 December 2018 HK\$'000 (unaudited)
						For the year ended 31 March 2016 HK\$'000	For the year ended 31 March 2017 HK\$'000	For the year ended 31 March 2018 HK\$'000	
P1129	Yau Tsim Mong District	A&A works	Commercial and industrial	February 2017 – June 2017	5,469	–	2,472	2,997	–
P1174	Central and Western District	Fitting-out and renovation	Commercial and industrial	July 2017 – November 2018	6,475	–	–	5,944	60
P1145	Central and Western District	Fitting-out and renovation	Commercial and industrial	April 2017 – June 2018	5,015	–	–	4,515	500

Notes:

1. The project commencement date is determined based on the date as set out in its record, first invoice to the customer or the Directors' estimation and the project completion date refers to the date for a project to be practically completed, which is determined based on the date as specified in the certificate of practical completion, the final invoice to the customers or the Directors' estimation.
2. A project is regarded as completed during the corresponding year/period when the scope of works in the contract is substantially completed.
3. The total contract amount represents the total of the contract sum and the amount arising from variation order(s).

Customers

The Group's customers for fitting-out, renovation and A&A projects included direct customers or agents, which may be project consultants or project management companies. Customers who are planning for fitting-out and renovation services may engage Ample Design for the Group's interior design and project management services.

For the three years ended 31 March 2018 and the nine months ended 31 December 2018, the percentage of the Group's revenue attributable to the Group's largest customer was 39.4%, 18.2%, 15.1% and 14.6%, while the percentage of the Group's total revenue attributable to the five largest customers in aggregate was 69.4%, 51.2%, 47.0% and 44.9%, respectively.

The details of the Group's top five customers and their background information for the three years ended 31 March 2018 and the nine months ended 31 December 2018 are set out in the tables below:

For the year ended 31 March 2016

Rank	Customer	Nature of work	Revenue (HK\$'000)	% total revenue for the year	Year of first becoming the customer
1.	Customer A	Fitting-out, renovation and A&A works	55,415	39.4%	2014
2.	Customer B	Fitting-out and renovation	19,119	13.6%	2015
3.	Customer C	Fitting-out, renovation and A&A works	8,812	6.3%	2013
4.	Customer D	A&A works	7,548	5.4%	2015
5.	Customer E	Fitting-out, renovation and A&A works	6,559	4.7%	2015
Total			97,453	69.4%	

For the year ended 31 March 2017

Rank	Customer	Nature of work	Revenue (HK\$'000)	% total revenue for the year	Year of first becoming the customer
1.	Customer E	Fitting-out, renovation and A&A works	30,201	18.2%	2015
2.	Customer F	A&A works	17,435	10.5%	2017
3.	Customer G	A&A works	17,018	10.3%	2016
4.	Customer H	A&A works	10,988	6.6%	2016
5.	Customer I	A&A works	9,269	5.6%	2016
Total			84,911	51.2%	

For the year ended 31 March 2018

Rank	Customer	Nature of work	Revenue (HK\$'000)	% total revenue for the year	Year of first becoming the customer
1.	Customer H	A&A works	36,471	15.1%	2016
2.	Customer J	A&A works	22,337	9.3%	2017
3.	Customer K	Fitting-out and renovation	20,227	8.4%	2017
4.	Customer F	A&A works	17,151	7.1%	2017
5.	Customer G	A&A works	17,057	7.1%	2016
Total			113,243	47.0%	

For the nine months ended 31 December 2018

Rank	Customer	Nature of work	Revenue (HK\$'000) (unaudited)	% total revenue for the period	Year of first becoming the customer
1.	Customer L	Fitting-out, renovation and A&A works	24,832	14.6%	2018
2.	Customer B	Fitting-out and renovation	16,988	10.0%	2015
3.	Customer M	A&A works	12,700	7.4%	2018
4.	Customer N	Fitting-out, renovation and A&A works	11,800	6.9%	2008
5.	Customer O	A&A works	<u>10,315</u>	<u>6.0%</u>	2017
		Total	<u><u>76,635</u></u>	<u><u>44.9%</u></u>	

Notes:

- Customer A is an established and famous chain of department stores with emphasis of Chinese products based in Hong Kong.
- Customer B is the Hong Kong branch of a leading multinational company with its most famous internet-related services and mobile operating systems.
- Customer C is a private company incorporated in Hong Kong in 1978 with limited liability and is engaged in property investment and development.
- Customer D is the incorporated owners of a private residential estate located in Kowloon City District.
- Customer E is a company incorporated in Hong Kong in 2012 with limited liability and is engaged in property development.
- Customer F is a limited liability company incorporated in Hong Kong in 2006 that provides fitting-out services, project management, building services, A&A works, renovation and maintenance, design and build, building construction and condition survey services in Hong Kong.
- Customer G is a limited liability company incorporated in Hong Kong in 2016 that is engaged in building and fitting-out works.
- Customer H is a limited liability company incorporated in Hong Kong in 2006 that is a registered general building contractor engaged in buildings maintenance and A&A works including repair and maintenance of building external walls, works according to removal orders issued by the Buildings Department, water tank works, etc.

9. Customer I is the incorporated owners of a private residential estate located in Kowloon City District.
10. Customer J is a statutory university in Sai Kung funded by the University Grants Committee in Hong Kong.
11. Customer K is a limited liability company incorporated in the Republic of Seychelles that is engaged in investments in securities, properties and entertainment production business.
12. Customer L is the Hong Kong branch of a famous chain of American brand's footwear shop.
13. Customer M is a limited liability company incorporated in Hong Kong in 2017 that is engaged in entertainment production business.
14. Customer N comprises two limited liability companies incorporated in Hong Kong which are wholly-owned subsidiaries of a company listed on the Main Board of the Stock Exchange principally engaging in property development in Hong Kong.
15. Customer O is a national consulate-general in Hong Kong.

None of the Directors or their respective close associates or the Shareholders (who or which, to the best knowledge of the Directors, own more than 5% of the issued share capital of the Company) has any interest in the top five customers of the Group for the year ended 31 March 2018 as at the Latest Practicable Date.

The Group's business opportunities have been arising from invitations for tender or quotation by customers, which are considered by the Directors to be attributable to the Group's well-established presence, job references and reputation in the industry. The Group also places advertisements on internet search engines, newspapers and magazines for promoting standardised A&A works and interior design business. For interior design, the primary target customers are high-value individuals or mansion design.

Suppliers

Fitting-out and renovation services and A&A works require various materials, as well as labour works. The Group's suppliers are broadly categorised into (i) materials suppliers; and (ii) subcontractors. It is often the case that subcontractors, during the course of performing their works, provide the materials, equipment or furniture. Likewise, the materials suppliers may have to provide on-site installation and/or implementation services. Therefore, the roles of subcontractors and materials suppliers may be inseparable.

For the three years ended 31 March 2018 and the nine months ended 31 December 2018, the percentage of the purchase amount attributable to the Group's top supplier amounted to 9.7%, 15.3%, 9.5% and 20.2% of the total direct costs, while the percentage of the total purchase amount attributable to the Group's top five suppliers combined amounted to 31.8%, 56.4%, 36.4% and 34.0% of the total direct costs.

The details of the Group's top five suppliers and their background information for the three years ended 31 March 2018 and the nine months ended 31 December 2018 are set out in the tables below:

For the year ended 31 March 2016

Rank	Supplier	Materials/services provided	Purchase amount (HK\$'000)	% of total direct costs for the year	Year of first becoming the supplier
1.	Supplier A	Steel structure works	10,742	9.7%	2010
2.	Supplier B	Interior fitting-out	8,889	8.0%	2014
3.	Supplier C	Building works	6,355	5.7%	2012
4.	Supplier D	Interior fitting-out	5,595	5.1%	2007
5.	Supplier E	Electrical works	3,622	3.3%	2014
		Total	35,203	31.8%	

For the year ended 31 March 2017

Rank	Supplier	Materials/services provided	Purchase amount (HK\$'000)	% of total direct costs for the year	Year of first becoming the supplier
1.	Supplier C	Building works	19,496	15.3%	2012
2.	Supplier F	Interior fitting-out and building works	17,947	14.1%	2016
3.	Supplier G	Interior fitting-out	14,010	11.0%	2016
4.	Supplier B	Interior fitting-out	10,711	8.4%	2014
5.	Supplier D	Interior fitting-out	9,644	7.6%	2007
		Total	71,808	56.4%	

For the year ended 31 March 2018

Rank	Supplier	Materials/services provided	Purchase amount (HK\$'000)	% of total direct costs for the year	Year of first becoming the supplier
1.	Supplier H	Interior fitting-out	18,510	9.5%	2017
2.	Supplier F	Interior fitting-out and building works	15,496	7.9%	2016
3.	Supplier G	Interior fitting-out	14,328	7.3%	2016
4.	Supplier I	Interior fitting-out	11,612	5.9%	2017
5.	Supplier C	Building works	11,306	5.8%	2012
Total			71,252	36.4%	

For the nine months ended 31 December 2018

Rank	Supplier	Materials/services provided	Purchase amount (HK\$'000) (unaudited)	% of total direct costs for the period	Year of first becoming the supplier
1.	Supplier D	Interior fitting-out	26,067	20.2%	2007
2.	Supplier I	Interior fitting-out	5,030	3.9%	2017
3.	Supplier F	Interior fitting-out and building works	4,729	3.7%	2016
4.	Supplier J	Building works	4,660	3.6%	2018
5.	Supplier K	Building works	3,305	2.6%	2018
Total			43,791	34.0%	

Notes:

1. Supplier A was a limited liability company incorporated in Hong Kong principally engaged in structural steel works and was subsequently dissolved by deregistration under section 751(3) of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on 7 December 2018.
2. Supplier B is a limited liability company incorporated in Hong Kong that is engaged in interior fitting-out works.
3. Supplier C is a limited liability company incorporated in Hong Kong that is engaged in buildings maintenance and A&A works.
4. Supplier D is a limited liability company incorporated in Hong Kong that is a registered general building construction and minor works contractor engaging in buildings maintenance, A&A and interior fitting-out works.
5. Supplier E is a sole proprietorship registered in Hong Kong principally engaged in the provision of electrical works.
6. Supplier F is a limited liability company incorporated in Hong Kong that is engaged in fitting-out and A&A works.
7. Supplier G is a limited liability company incorporated in Hong Kong that is engaged in maintenance and fitting-out works.
8. Supplier H is a limited liability company incorporated in Hong Kong that is an interior contractor engaged in fitting-out works.
9. Supplier I is a limited liability company incorporated in Hong Kong that is engaged in buildings maintenance and fitting-out works.
10. Supplier J is a limited liability company incorporated in Hong Kong that is engaged in buildings maintenance and renovation works.
11. Supplier K is a limited liability company incorporated in Hong Kong that is a registered general building contractor and minor works contractor engaging in buildings maintenance, A&A and interior fitting-out works.

None of the Directors or their respective close associates or the Shareholders (who or which, to the best knowledge of the Directors, own more than 5% of the issued share capital of the Company) has any interest in the top five suppliers of the Group for the year ended 31 March 2018 as at the Latest Practicable Date.

BUSINESS OUTLOOK AND RECENT DEVELOPMENT

According to the Frost & Sullivan Report, both the fitting-out and renovation services and A&A works markets are forecast to grow at a CAGR of 13.0% and 5.0%, respectively, from 2019 to 2023, the forecast period of the Frost & Sullivan Report. In addition, Frost & Sullivan expects that relocation of business offices and improving living standard will be the market drivers for the growth of the industry in which the Group works at.

For fitting-out and renovation services, the Group's revenue generated from these services amounted to approximately HK\$92,861,000 for the nine months ended 31 December 2018, representing a growth of 24.9% as compared with the same period of last year. The Directors expect that a steady growth will be achieved in this segment as driven by the relatively large contract sum projects undertaken for the year ending 31 March 2020. For the year ended 31 March 2018, the Group's A&A business surged as number of projects increased, and some of them were of relatively larger contract sum. For the year ending 31 March 2020, the Directors expect that the A&A business will remain robust. As stated in the Frost & Sullivan Report (the extract of which is in the paragraph headed "Industry development" below), bolstered by a series of Government policies expediting redevelopment processes and high buildings safety standards, such as House Renovation Interest Free Loan launched by Urban Renewal Authority in 2016, the revenue of A&A works in Hong Kong is estimated to grow at a CAGR of 5.0% from 2019, reaching approximately HK\$41.0 billion by the end of 2023. The Directors therefore expect that such Government policies are favourable to the Group's business and they will allocate sufficient resources to capture any opportunities arising therefrom.

In terms of project pipeline, subsequent to 31 March 2018 and up to the Latest Practicable Date, the Group has secured 118 additional contracts with an aggregate contract sum of approximately HK\$255.1 million. Highlighted are the three projects which include (i) a large scale A&A project with an initial contract sum of approximately HK\$71.5 million and involves builder's works, architectural finishing works and electrical and mechanical works for a reputable Chinese products retail group in Hong Kong; (ii) a fitting-out and renovation project with an initial contract sum of approximately HK\$20 million that relates to an American brand's footwear shop in Tsim Sha Tsui, Kowloon, which was opened in September 2018; and (iii) a A&A project with an initial contract sum of approximately HK\$31 million awarded by Hong Kong Housing Authority and involves work for addition of laundry rods for public housing estates in Kowloon West and Sai Kung Region. The Directors therefore consider that the Group has a solid flow of projects and yet the Group's newly set up business development team will continue to devote relentlessly to identify and market for appropriate projects.

Riding on the listing on GEM, the Group obtained new funds which enabled it to equip itself with the resources and participate in a number of interior design competitions. Five competitions have been participated in by the Group after the Listing and the Group's design of an apartment and an office were awarded the 2018 K-Design Awards as "Winner" and "Gold Winner", respectively. The Directors are of the view that the participation of competition of this kind and the awards will boost staff morale and confidence, improve reputation of the Group and increase the standard and capability of interior design, which is conducive to the Group's interior design business and complementary to its fitting-out and renovation business.

In October 2017, the Group submitted an application to the Hong Kong Housing Society as the single operators for the lease of a shopping centre (the "**Application**"). The Directors note that the single operators will be required to, apart from providing security guards, cleaning and maintenance services which are usually provided in the Group's fitting-out and renovation and A&A projects and expected to be routine and require minimal management's involvement, commit fitting-out costs. It was also the Directors' contemplation to proceed with the Application to seek business opportunities for fitting-out of the shopping centre and acquaint retailers and restaurant operators for fitting-out and renovation for their shops in the shopping centre, as some of the trade names of the shops are reputable. It was anticipated that, as single operators of the shopping centre, the Group will have opportunities to introduce its fitting-out services to the renewing licencees or prospective licencees. On 30 October 2017, the Group received a letter from the Hong Kong Housing Society notifying the Application was unsuccessful. Given the above, the Directors did not consider the Application a change of the Group's business strategy and the provision of interior fitting-out and renovation services as well as A&A works will remain as the Group's primary business focus.

As at the Latest Practicable Date, the Group had 90 projects on hand with outstanding contract sum of approximately HK\$143.1 million, which are expected to be recognised as revenue for the two years ending 31 March 2020. For further details of these on-going jobs as at the Latest Practicable Date, please refer to the paragraph headed "Summary of the Group's business – Major projects on hand" in this announcement.

The Directors confirm that there have not been any unfavourable trends or development which may have a material adverse impact on the Group's business and financial performance subsequent to 31 March 2018 and up to the date of this announcement.

INDUSTRY DEVELOPMENT

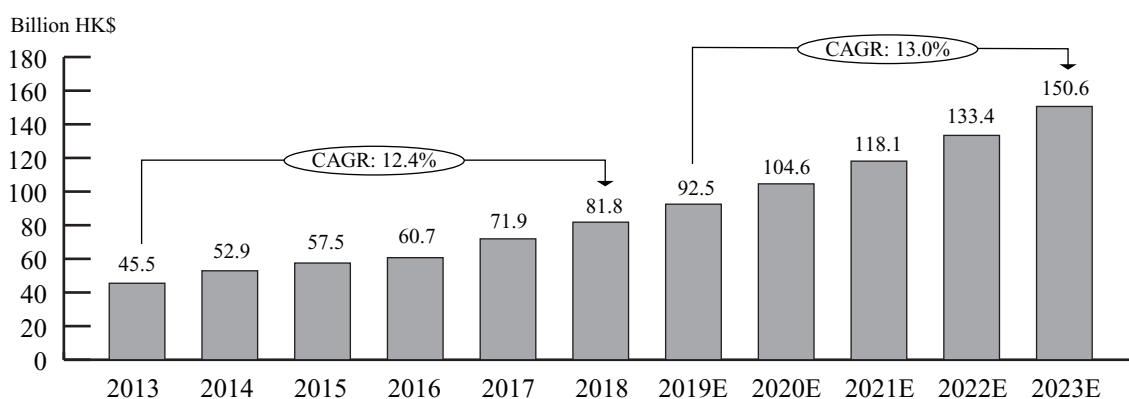
The Group has commissioned Frost & Sullivan, an independent market research company, to conduct an analysis of, and to produce a report on Hong Kong fitting-out, renovation and A&A services market for use in this announcement. Frost & Sullivan is a global consulting firm that offers industry research, market strategies and provides growth consulting and corporate training on a variety of industries. The information from Frost & Sullivan disclosed in this announcement is extracted from the Frost & Sullivan Report, a report commissioned by the Group for a fee of HK\$120,000 and is disclosed with the consent of Frost & Sullivan. The following is the extract of the Frost & Sullivan Report:

“Market size

Fitting-out and renovation services

Driven by the positive economic development in Hong Kong over the past few years, the fitting-out and renovation market has experienced a positive growth from 2013 to 2018. The estimated revenue of fitting-out and renovation market has increased from HK\$45.5 billion in 2013 to HK\$81.8 billion in 2018, representing a CAGR of 12.4%. Bolstered by the favourable housing policies, such as the promotion of new town areas, the demand for fitting-out services is expected to further increase. By the end of 2023, it is forecast that the revenue of fitting-out and renovation market in Hong Kong will reach HK\$150.6 billion, growing at a CAGR of 13.0%.

Revenue of Fitting-out and Renovation Market (Hong Kong), 2013-2023E

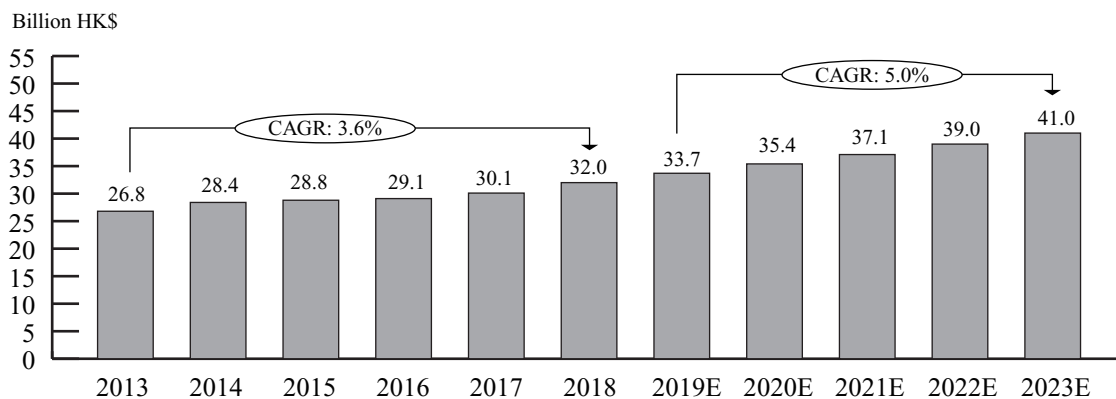


Source: Census and Statistics Department of Hong Kong, Frost & Sullivan (see remarks)

A&A works

Primarily attributable to the sustained growth in redevelopment plans of office buildings, urban areas and historic buildings in Hong Kong over the past few years, the market size of A&A works in Hong Kong increased steadily from approximately HK\$26.8 billion in 2013 to HK\$32.0 billion in 2018, representing a CAGR of 3.6% of the period. Bolstered by a series of Government policies expediting redevelopment processes and high buildings safety standards, such as House Renovation Interest Free Loan launched by Urban Renewal Authority in 2016, the revenue of A&A works in Hong Kong is estimated to grow at a CAGR of 5.0%, reaching approximately HK\$41.0 billion by the end of 2023.

Revenue of A&A Works Market (Hong Kong), 2013-2023E

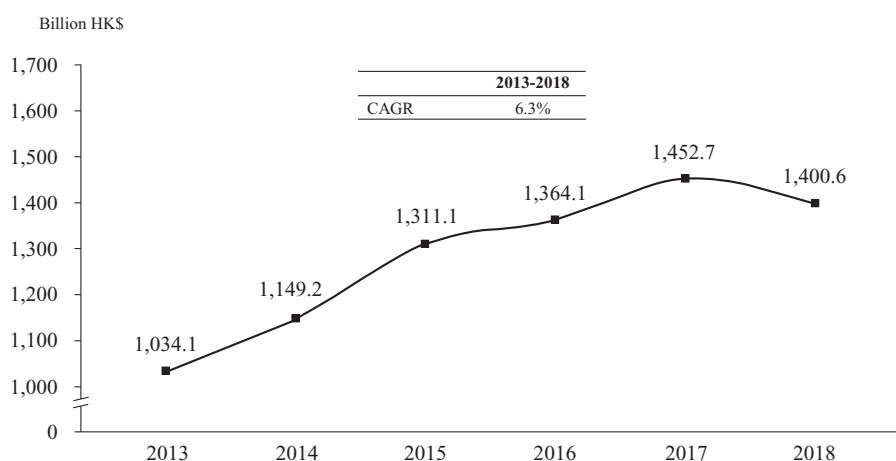


Source: Census and Statistics Department of Hong Kong, Frost & Sullivan (see remarks)

Cost analysis

Due to the growing imbalance between the labour supply and demand in the Hong Kong fitting-out and renovation industry, the average daily wages of workers in the fitting-out industry has demonstrated a moderate increasing trend over the past years. According to the statistics from the Census and Statistics Department of Hong Kong, it has surged from a record of HK\$1,034.1 in 2013 to HK\$1,400.6 in 2018, representing a CAGR of 6.3%. Among all the occupations of fitting-out workers, the average daily wages of concreter experienced the greatest increase, from HK\$1,390.4 in 2013 to HK\$1,924.7 in 2018, with a CAGR of 6.7%.

Average Daily Wages of Workers in the Fitting-out and Renovation industry (Hong Kong), 2013-2018

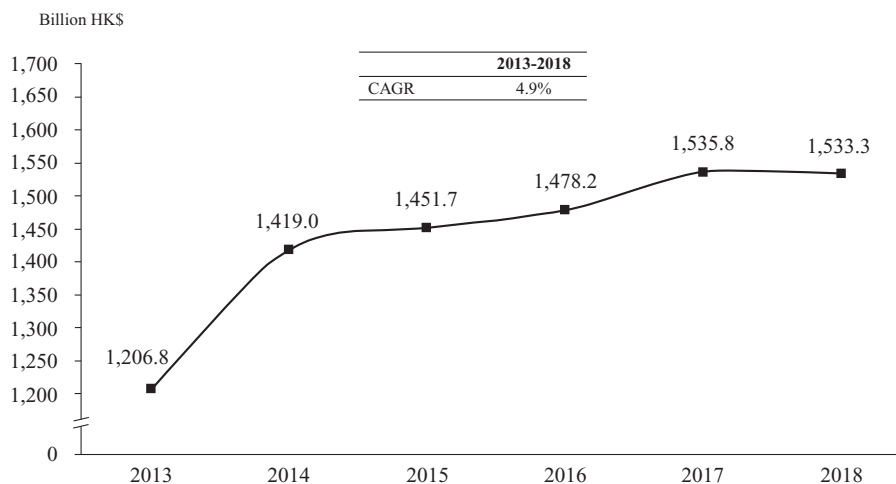


Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

Note: The average daily wage of fitting-out workers is calculated based on the average daily wages of carpenter (formwork), plumber, plasterer, glazier, painter and decorator, leveller, marble worker, electrical fitter (including electrician), concreter, bricklayer and general worker and labourer.

Similar to the wages trend of fitting-out and renovation workers in Hong Kong, workers engaged in the A&A industry has experienced a moderate increase in their wages. The average daily wages of workers in the A&A industry has increased from approximately HK\$1,206.8 in 2013 to approximately HK\$1,533.3 in 2018, representing a CAGR of 4.9% during the period.

Average Daily Wages of Workers in the A&A industry (Hong Kong), 2013-2018



Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

Note: The average daily wage of A&A workers is calculated based on the average daily wages of concreter, bricklayer, drain layer, metal worker, structural steel erector and structural steel welder.

Market drivers

Relocation of business offices – According to the Rating and Valuation Department of Hong Kong, the average monthly rents of Grade A private offices in traditional Central Business Districts (“CBD”), such as Central, have surged from HK\$1,012/m² in 2013 to HK\$1,197/m² in 2017, representing a CAGR of 4.3% over the period. The increase in rents of private offices has resulted in more companies moving out from CBD and relocating to more affordable places, such as Quarry Bay and Kwun Tong. As supported by the Government, there is a great potential for Kowloon East to transform into the second CBD and evolve into a vibrant premier business district. Therefore, the redevelopment of Kowloon East and relocation of business offices are set to drive the demand for local fitting-out services.

Increasing living standards – The stable economic growth and increase in disposable income over the recent years has driven the demand for fitting-out and renovation works among residential and commercial properties in Hong Kong. Especially the middle-class income brackets and modern families are willing to spend extra money to renovate their living environment to improve their living standards. In addition, more property developers are embracing luxurious living environment by raising their capital investment in the interior design and fitting-out of the newly-built residential units, such as clubhouses, they therefore create a huge impetus for the fitting-out, renovation and A&A market in Hong Kong.

Market constraints

Increasing labour and raw material costs – Albeit the supply of residential units and establishments of commercial buildings have increased over the recent years, the labour cost and raw material cost have increased accordingly. Market players in the fitting-out, renovation and A&A market who are unable to efficiently manage their cost may shift the burden to their customers, which may result in loss in competitiveness to their competitors. Consequently, the increase in labour wages and raw material prices may act as a constraint to the development of this industry.

Over-reliance on Government policy – Fitting-out projects, as well as A&A works, are mainly driven by the real estate development and Government policies in urban planning and residential housing supply in Hong Kong. For example, the demand for A&A works is highly correlated to urban renewal policies, such as Mandatory Window Inspection Scheme and Mandatory Building Inspection Scheme. Therefore, if there are signs of slowing down in policies of urban renewal process, the development of the fitting-out, renovation and A&A works industry in Hong Kong may be hindered.

Development trends

Rising application of eco-friendly fit-out materials – There is an increasing trend that more market participants in Hong Kong are adopting eco-friendly materials, such as volatile organic compounds (VOCs) free and natural materials, for fitting-out and renovation works. With the adoption of such materials, the use of chemicals during fitting-out and renovation works is reduced and therefore, property occupants and tenants can enjoy a better living environment and their well-being can be safeguarded. As a result, eco-friendly fit-out materials have become one of the highlights in the fitting-out, renovation, A&A market in Hong Kong.

More favourable Government incentive schemes – According to the Urban Renewal Authority, there will be more than 326,000 residential apartments that are at least aged 70 years or above by the year of 2046. In order to protect public safety, the Government has launched a series of renewal policies, such as Integrated Building Maintenance Assistance Scheme, to prevent urban decay and allow the rehabilitation of dilapidated buildings in Hong Kong. Therefore, with more incentive schemes launched by the government, the market demand for fitting-out, renovation, A&A works is believed to be increased in the future years.

Market opportunities

Development of new town extensions – As outlined in the Policy Address 2016 and 2017, the Government has highlighted new development areas and new town extensions in Northeastern New Territories and near Tung Chung on Lantau Island. The officials have estimated that there will be approximately 98,000 units of private flats supplied by the end of 2020. In addition, the Policy Address 2018 has highlighted the “Lantau Tomorrow Vision” in which more than 1,700-hectare of reclaimed land project will be launched in Lantau Island to satisfy the long-term demand for the expansion of urban areas. With more housing units set to be established in the future years, it creates a potential opportunity for the fitting-out and renovation and A&A works industry to grow.

Steady growth in construction industry – The construction sector in Hong Kong has experienced a sustained growth over the recent years. According to the Census and Statistics Department of Hong Kong, the gross value of building construction performed by main contractors has increased from approximately HK\$59.4 million in 2013 to approximately HK\$104.9 million in 2018, representing a CAGR of 12.1%. Complemented by the supportive Government policies highlighted in the Policy Address 2017, the fitting-out, renovation and A&A works industry is likely to enjoy a potential growth in the future years.

Competitive landscape

The fitting-out and renovation market in Hong Kong is considered as a fragmented market with over 650 registered subcontractors that provide fitting-out and renovation services by July 2018 according to the Construction Industry Council.

The Hong Kong A&A works market is highly fragmented and competitive. The market players are mandatory to comply with the Buildings Ordinance and register with the Buildings Department to carry out different types of minor works in Hong Kong. According to the Buildings Department, the number of registered Minor Works Contractors that are providing A&A works in 2018 has reached more than 10,000.

A&A works cover a wide range of services that require different types of expertise and skillsets. Moreover, the majority of the players in the current A&A market are medium to small sized companies which have limited capital and manpower to provide multiple services. As a result, most of the small market players can only focus on certain types of A&A works and customer groups such as hotels, commercial buildings, and shopping malls.

On the other hand, the leading players in the market tend to work closely with the property developers, main contractors and the Government as they usually give out large-scale projects. In other words, the small players do not have the capability to carry out the projects from these customers because they usually require fitting-out and A&A services of the whole buildings which require more number of workers and capital.

Factors of market competition

Efficient cost control

With the limited budget and tight timeline of a fitting-out and renovation or A&A works project, the market players need to fully utilise their resources to better control their expenditure such as labour costs and material costs. Moreover, having an extra capital reserve can minimise the effect of any unexpected expenditure and therefore allowing flexibility on project management. In addition, a better cost control can further increase the profit margin of every project. As a result, the capability of controlling their operation cost would be a key factor of competition for the market players to remain competitive in the market.

Industry experience and reputation

Market players with extensive industry reputation and positive recognition are generally more preferred by downstream customers. It is believed that market players with a favourable track record and a strong company portfolio may attract more business opportunities as the potential business partners are more confident in their service quality and less concerned about their contractual risks. Project customers are more likely to prefer market players who are able to provide proven project performance. Therefore, demonstration of industry experience and reputation among the industry has become one of the factors of market competition of the fitting-out market in Hong Kong.

Entry barriers

Proven track record and industry experience

The current market players in the fitting-out, renovation and A&A market have already built a solid business relationship with the customers. In addition, the existing players who have accumulated an extensive experience and portfolio are preferred by the customers and therefore having higher success rate to receive tender awards. The market entrants may find it difficult to sustain their business if they do not possess such industry experience and track record. As a result, it may serve as an entry barrier for the market entrants of the fitting-out, renovation and A&A market in Hong Kong.

Sufficient labour force

The fitting-out market in Hong Kong is considered as a labour-intensive market. A steady and sufficient supply of skilled labour force is fundamental to each fitting-out project in Hong Kong. As a fitting-out project consists of various parts of works, such as plasterworks, glaziers and installation of raw materials, the recruitment of a stable pool of workers and ability to control the availability, performance and quality of labour force have become the entry barriers to new market entrants without advanced experience in this industry.”

Remarks:

1. The section headed “Industry Overview” of the Prospectus reported that the customer expenditure on fitting-out and renovation works for 2013, 2014 and 2015 was HK\$20.3 billion, HK\$25.3 billion and HK\$31.3 billion; whereas customer expenditure on A&A works for the corresponding years was HK\$4.6 billion, HK\$4.7 billion and HK\$5.9 billion, respectively. The independent market researcher for the Prospectus estimated the figures from a customer expenditure view point based on desk research, trade surveys and trade interviews. The above-mentioned figures are not related to the analysis of and the market research report on Hong Kong fitting-out, renovation and A&A services market for the use in this announcement.

2. According to the Frost & Sullivan Report, revenue of fitting-out and renovation market for 2013, 2014 and 2015 was HK\$45.5 billion, HK\$52.9 billion and HK\$57.5 billion, whereas revenue for A&A works market for the corresponding years was HK\$26.8 billion, HK\$28.4 billion and HK\$28.8 billion, respectively. Frost & Sullivan estimated the numbers based on publicly available information, information collected by conducting interviews with experts from construction industry and fitting-out and renovation services and A&A works industry from a revenue view point.
3. A contractor in the fitting-out and renovation services and A&A works market in Hong Kong can either be a main contractor or a subcontractor. The revenue approach by Frost & Sullivan took into account the revenue of main contractors and subcontractors of fitting-out and renovation and A&A market in Hong Kong whereas the customer expenditure approach adopted in the Prospectus can be interpreted as the customer's expenditure to the main contractors. Therefore, the figures from revenue approach is greater than that from customer expenditure approach. As advised by Frost & Sullivan, both revenue approach and customer expenditure approach are commonly used by industry experts to determine the market size.

The Directors are of the view that high standard of workmanship and quality works are essential for retaining existing customers, which in turn help build up a good reputation to entice new customers. According to the Frost & Sullivan Report, industry experience and reputation is a factor of competition. It is the Group's strategy to look for opportunities to business growth and enlarge market share. The Transfer of Listing is in line with the Group's efforts to enhance its reputation in the market and offer of confidence to customers. The Directors take a positive view that the listing on the Main Board will favour the Group to present its services, reach new customers and undertake large scale projects.

LICENCES AND QUALIFICATIONS

As at the Latest Practicable Date, the Group has obtained the following licences and qualifications which are material to its business operations in Hong Kong:

Authority	Type of registration	Registered company	Registration no.	Date of registration	Date of expiration
Building Authority	General Building Contractor	Ample Construction	GBC 3/2006	11 October 2006	29 September 2021
Electrical and Mechanical Services Department	Electrical Contractor	Ample Construction	020845	14 July 2015	6 August 2021
Housing Authority	Maintenance Works Category – Group M1 (Probationary)	Ample Construction	N/A	16 November 2017	N/A (<i>Note</i>)

Note: Unless the relevant qualification holder ceases to maintain the qualified status, the relevant qualification will not be revoked.

The Group has not experienced any refusal of application or renewal of registration necessary for its operations for the year ended 31 March 2018 and up to the Latest Practicable Date. The Directors confirm that they are not aware of any circumstances that would significantly hinder or delay the renewal of the above registrations.

MATERIAL RISKS ASSOCIATED WITH THE GROUP'S BUSINESS

The entry barrier to interior design, fitting-out and renovation and A&A industry is low and the Group may face fiercer competition if there are new comers

The interior design, fitting-out and renovation and A&A industry in Hong Kong is highly competitive. Market participants not only have to come up with creative ideas and skills, but also have to cut their prices to obtain tenders and projects. The Group has a large number of competitors including local and international companies which offer similar services in Hong Kong. Please refer to the paragraph headed "Industry development" in this announcement for further details. The Group's competitors may have more manpower, resources, licenses and qualifications, longer operating histories and stronger relationship with customers and brand names. Due to the large number of competitors, the Group may face significant downward pricing pressure and thereby reduce its profit margins. There is no assurance that the Group's profit margin will not decline as a result of the competition and price pressure. If the Group cannot adapt effectively and promptly to changing market conditions and customer preferences or otherwise fails to provide a competitive bid as compared to the competitors, the Group's services may not be attractive to customers and the Group's business may be materially and adversely affected. The Group's competitors may also adopt aggressive pricing policies or develop relationships with the customers in a manner that could significantly harm the Group's ability to secure contracts.

The Group's contracts are not recurring in nature and the future business depends on the Group's continuing success on project tender

The majority of the Group's revenue is derived from contracts awarded through competitive tender process and is not recurring in nature. For the year ended 31 March 2018, the Group's tender success rate was approximately 18.9%. As the projects are generally one-off, the Group has to go through a competitive bidding process each time the Group seeks for new projects from existing or new customers, which may impose specific and different requirements for selecting contractors or for their projects. Even if the Group is able to meet the pre-requisite requirements for tendering specific projects, there is no assurance that the Group would be invited to or would be made aware of the tender process or that the terms and conditions of the new contracts would be comparable to the existing contracts, or the Group's tenders would ultimately be selected by customers. If the Group is unable to maintain competitiveness or retain the existing customers or obtain new contracts continuously, the Group's business, financial conditions and results of operations may be materially and adversely affected.

Failure to meet the time requirements stipulated in the contracts may lead to liquidated damages

Some of the contracts are subject to specific completion schedule requirements with liquidated damages penalty if the Group fails to meet the schedule. Liquidated damages are typically levied at a stipulated amount in the contract for each day of delay. The actual time needed to complete a fitting-out and renovation or A&A project may be adversely affected by various factors, including adverse weather conditions and other acts of God, shortage of materials and labour, additional variations to the interior design or renovation plans requested by the customers or due to technical needs, disputes with subcontractors, accidents and other unforeseen problems or circumstances, which may be beyond the Group's control. Any failure to meet the time requirements stipulated in the contracts could lead to significant liquidated damages payable by the Group, which could have an adverse impact on the Group's reputation, reduce or eliminate the Group's profit, or even give rise to a loss in worse case, on such contract and adversely affect the Group's results of operations, liquidity and cash flows. The Group had 14 loss making projects which were completed during the year ended 31 March 2018, and the overall gross loss of these projects was approximately HK\$280,000. Besides, there is also one project undertaken by the Group subject to a potential liquidated damage as a result of a purported delay in completion of such project, which the Group is negotiating the final account with the customer. Please refer to the section headed "Financial information of the Group – Gross profit and gross profit margin" in this announcement for further details.

The Group is exposed to disputes, claims or litigation that may affect its operations and financial positions

As an interior designer or a contractor for fitting-out and renovation and A&A works, the Group may be subject to claims in respect of various matters from customers, suppliers, subcontractors, workers and other parties involved in the projects from time to time. Such may include claims for compensation due to late completion of works or delivery of substandard works, disputes relating to late or insufficient payment and claims in respect of personal injuries and labour compensation in relation to works. In addition, the Group may, from time to time, face prosecutions relating to labour safety offences arising from the Group's or its subcontractors' failure to comply with relevant work safety legislations or other health or environmental offences. Any of such claims may cause the Group to incur material costs or losses and may hence materially and adversely affect the Group's business, financial condition and results of operations. The outcome of a claim is subject to relevant parties' negotiation, decision of the court or relevant arbitration organisation. Should such claims fall outside of the scope and/or limit of the Group's insurance coverage or exceed the retention monies retained from the subcontractors, the Group's financial position and results of operation may be adversely affected. In addition, the disputes, claims or litigation may lead to negative publicity, that could result in loss of customers or lead to increasing difficulty in securing new projects.

During the year ended 31 March 2018, the Group faced seven prosecutions relating to labour safety offences arising from our or our subcontractors' failure to comply with relevant work safety legislations. For details, please refer to the paragraph headed "Litigation and legal compliance" in this announcement.

The Group depends on subcontractors and materials suppliers to complete the works of projects

The Group has in the past relied on and expects to continue to rely on subcontractors and materials suppliers to complete most of the works and deliver materials for the projects. Nevertheless, the Group may not be able to effectively monitor the performance of these subcontractors and materials suppliers as directly and efficiently as the Group's own staff. In addition, qualified subcontractors or materials suppliers may not always be readily available when the Group's needs for outsourcing arise. If the Group is unable to hire qualified and competent subcontractors or suppliers, the Group's ability and punctuality to complete projects could be impaired. If a subcontractor or materials supplier fails to provide services or supply materials as required under a contract for any reason, the Group may be required to repossess the works and complete itself or outsource these services to other third parties which may delay project or cost higher than anticipated, which could impact contract profitability. If a subcontractor's or materials supplier's performance does not meet the Group's standards, the quality of the project may be affected, which could also harm the Group's reputation and potentially expose the Group to litigation and damage claims.

In addition, the Group requires subcontractors and materials suppliers to follow and adopt all safety measures and procedures as stipulated in the Group's safety policy. However, if the subcontractors or materials suppliers violate any laws, rules or regulations in relation to health, safety and environmental matters, the Group may not only expose themselves as primary obligor to prosecutions by relevant authorities, but also be subject to claims for losses and damages if such violations cause any personal injuries/death, damage to properties, fines or other remedial measures. In the event there is any such violation occurred in the sites for which the Group is responsible, the Group's reputation, operations and hence its financial position will be adversely affected. In addition, relevant safety measures and procedures may change in the future. If there is any change to such safety measures and procedures applicable to the Group or the Group's subcontractors, the Group may incur additional cost in complying with them, which in turn may adversely affect its profitability.

ACCIDENT RATE AND LTIFRS

The following table sets forth the comparison of the industry's accident rate per 1,000 workers and the industry's fatality rate per 1,000 workers with the Groups (including workers of the Group's subcontractors):

	Industry average ⁽¹⁾	The Group ⁽²⁾
	From 1 January to 31 December 2015	For the year ended 31 March 2016
Accident rate per 1,000 workers	39.1	0.96
Fatality rate per 1,000 workers	0.200	–
	From 1 January to 31 December 2016	For the year ended 31 March 2017
Accident rate per 1,000 workers	34.5	0.6
Fatality rate per 1,000 workers	0.093	–
	From 1 January to 31 December 2017	For the year ended 31 March 2018
Accident rate per 1,000 workers	32.9	1.7
Fatality rate per 1,000 workers	0.185	–

Notes:

1. The statistics are obtained from the Occupational Safety and Health Statistics Bulletin Issue No. 18 (August 2018) published by Occupational Safety and Health Branch of the Labour Department, which is the latest issue as at the Latest Practicable Date.
2. The Group's accident rate is calculated as the occurrence of accident during the financial year (i.e. 2, 1 and 3 accidents for the years ended 31 March 2016, 2017 and 2018, respectively) divided by the average construction site workers in the construction sites during the financial year and multiply the result by 1,000. The average construction site workers include employees of the Group and its subcontractors.

A table showing the Group's lost time injuries frequency rate ("LTIFR(s)") is set out below:

Period	LTIFR(s) (Notes)
Year ended 31 March 2016	8.0
Year ended 31 March 2017	5.1
Year ended 31 March 2018	14.0
Nine months ended 31 December 2018	20.6

Notes:

1. LTIFR is a frequency rate that shows how many lost time injuries occurred over a specified time (e.g. per 1,000,000 hours) worked in a period. The LTIFRs shown above are calculated by multiplying the number of lost time injuries in terms of loss days of the Group that occurred during the relevant financial year divided by the number of hours worked by site workers over the same financial year. It is assumed that the number of working hours of each worker is 10 hours per day. The number of working days for the years ended 31 March 2016, 2017 and 2018 and the nine months ended 31 December 2018 was 312 days, 294 days, 294 days and 228 days, respectively.
2. Employees of the Group and its subcontractors are included in the LTIFRs shown above.

The Group had recorded two, one and three reportable accidents for the years ended 31 March 2016, 2017 and 2018, respectively. The accident and fatality rate at the Group's construction sites was lower than the construction industry average in Hong Kong for the years ended 31 March 2016, 2017 and 2018, respectively. The fluctuation of the Group's LTIFRs for the years ended 31 March 2016, 2017 and 2018 were also in line with the respective accident rates per 1,000 workers as disclosed above.

LITIGATION AND LEGAL COMPLIANCE

During the year ended 31 March 2018, the Group faced seven prosecutions relating to labour safety offences committed in three separate incidents in two sites of work carried out. Consequent to these offences, a total fine of HK\$72,000 was imposed to the Group and the Group has fully settled the fine imposed for these offences.

Upon the listing on GEM, family members of a deceased worker commenced two litigations against the relevant sub-subcontractor and subcontractor of Ample Construction, and Ample Construction itself, in relation to a fatal accident occurred on 20 August 2013. The first litigation was initiated pursuant to the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) on 1 June 2015 (the "**EC Claim**") and the second litigation was initiated under common law on 17 February 2016 (the "**Common Law Claim**"), both of which were awaiting for trial at the relevant time and the Group made a provision of approximately HK\$2,013,000 in regards to the EC Claim (the "**Provision**").

On 19 October 2017, the court made a judgment against the respondents of the EC Claim, including Ample Construction, in the sum of HK\$1,414,000 and ordered them to pay applicant's costs of the action. Applicant's costs of the action, amounting to approximately HK\$1,360,000, were partly covered by the remaining of the Provision and together with the Group's legal costs, approximately HK\$1,483,000 was charged as legal and professional fees for the year ended 31 March 2018. As to the Common Law Claim, the Group had not been served any court documents containing information on the claims and the amount of claim from the claimant and that all actions under the Common Law Claim had been dormant as at the Latest Practicable Date. In this regard, together with the legal opinion from a barrister-in-law, the Directors are of the view that it is unlikely that a judgment in favour of the claimant will be obtained. Accordingly, no additional provision in respect of the Common Law Claim was made by the Group.

As at the Latest Practicable Date, there was one outstanding civil litigation relating to employees' compensation claims against the Group. The Directors confirmed that the insurer has taken over the conduct of the legal proceeding initiated against the Group as at the Latest Practicable Date. The accident was caused during the usual and ordinary business of the Group and did not cause material disruption to the Group's business. The Directors further confirm that they were not personally involved, whether collectively or individually, in the above litigation.

Save as disclosed above, the Directors confirm that (i) as at the Latest Practicable Date, no litigation or claims of material importance were ongoing, pending or threatened against any member of the Group, and (ii) since the listing of the Company on GEM on 12 January 2017 and up to the Latest Practicable Date, the Group did not have any material non-compliance.

Since 12 January 2017, the date of which the Company was listed on GEM, and up to the Latest Practicable Date, the Directors confirm that the Group (i) has complied with laws and regulations in all material aspects for its business; and (ii) has not been subject to any disciplinary action or investigation by regulators in respect of serious or potentially serious breach of any GEM Listing Rules.

FINANCIAL INFORMATION OF THE GROUP

The following table sets forth the selected financial information of the Group for the three years ended 31 March 2018 and the nine months ended 31 December 2017 and 2018:

	For the year ended 31 March			For the nine months ended 31 December	
	2016	2017	2018	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	(unaudited)
Revenue	140,719	165,715	240,798	140,469	170,540
Direct costs	(110,777)	(127,146)	(195,517)	(110,780)	(128,950)
Gross profit	29,942	38,569	45,281	29,689	41,590
Other income, other gains and losses, net	(962)	(350)	1,382	125	32
Administrative and other operating expenses	(15,818)	(19,603)	(18,632)	(12,020)	(21,603)
Finance costs	(137)	(599)	(659)	(389)	(453)
Profit before tax	13,025	18,017	27,372	17,405	19,566
Income tax expense	(2,958)	(4,807)	(5,432)	(3,300)	(4,430)
Profit and total comprehensive income for the year/period attributable to owners of the Company	10,067	13,210	21,940	14,105	15,136

Adoption of new and revised accounting policies

HKFRS 9 “Financial Instruments”

Effective from 1 April 2018, HKAS 39 “Financial Instruments: Recognition and Measurement” was superseded by HKFRS 9 which introduces new requirements for (i) the expected credit losses for financial assets and (ii) the classification and measurement of financial assets, and financial liabilities. Upon the application of HKFRS 9, a new impairment model of the Group’s financial assets in HKFRS 9 replaces the “incurred loss” in HKAS 39 with an “expected credit loss” model. Under the expected credit loss model, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, the Group is required to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. Since the Group’s trade receivables and contract assets as at 1 April 2018 are determined as low credit risk, no additional loss allowance for financial assets was recognised on transition of HKFRS 9 when applying the expected credit risk model.

In respect of the classification and measurement of the Group’s financial assets, the Group’s life insurance policies’ assets were reclassified from financial assets measured at amortised costs under HKAS 39 to financial assets at fair value through profit or loss upon adoption of HKFRS 9 as such life insurance policies did not pass the contractual cash flow characteristics test under HKFRS 9. The Group applied HKFRS 9 in accordance with the transition provision and recognised a transitional adjustment to reduce the carrying amount of the life insurance policies’ assets against the opening balance of retained profits at 1 April 2018, without restating any comparative information. For details, please refer to the interim report for the six months ended 30 September 2018 published on 14 November 2018. Other than the impact as disclosed above, the Directors consider that the adoption of HKFRS 9 did not have any significant impact on the Group’s financial position and performance.

HKFRS 15 “Revenue from Contracts with Customers”

Prior to 1 April 2018, the Group recognised its revenue in accordance with HKAS 11 “Construction Contracts” and HKAS 18 “Revenue”. For instance, revenue from fitting-out, renovation, A&A works service income is recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the gross billing value of contracting work can be measured reliably. The stage of completion of a contract is established by reference to surveys of work performed.

Effective from 1 April 2018, HKFRS 15 superseded HKAS 11 and HKAS 18. Upon application of HKFRS 15, output method is adopted to recognise the Group’s revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract. Since the timing and amount of the revenue recognised under output method is similar to that under HKAS 11 and HKAS 18 as stated above, there is no significant impact on the revenue recognition upon adoption of HKFRS 15. Nevertheless, the adoption of HKFRS 15 may result in a change in measurement

and recognition of contract costs as compared with that under HKAS 11. For instance, for incremental costs of obtaining a contract with customer and the cost related directly to a contract or an anticipated contract, such as set up costs, that generate or enhance resources to fulfill the future performance, the Group shall recognise this as an asset and amortise such asset over the period of contract performance. For contract costs relating to the satisfied performance obligation, the Group will recognise such contract costs to expense as incurred under HKFRS 15 while contract costs are recognised as expenses by reference to the stage of completion of the contract under HKAS 11.

The Group has applied HKFRS 15 by using modified retrospective approach which means that the cumulative impact of the adoption of HKFRS 15 will be recognised in the retained profits as of 1 April 2018 and that comparatives will not be restated. For details, please refer to the interim report for the six months ended 30 September 2018 published on 14 November 2018. Other than the impact as disclosed above, the Directors consider that the adoption of HKFRS 15 did not have any significant impact on the Group's financial position and performance.

Revenue

The following table summarises revenue breakdown of the Group for the three years ended 31 March 2018 and the nine months ended 31 December 2017 and 2018:

	For the year ended 31 March						For the nine months ended 31 December			
	2016		2017		2018		2017		2018	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
							(unaudited)		(unaudited)	
Fitting-out and renovation services	94,644	67.3	77,404	46.7	86,644	36.0	74,365	52.9	92,861	54.5
A&A works	39,130	27.8	80,062	48.3	149,098	61.9	62,340	44.4	71,233	41.8
Interior design services	6,945	4.9	8,249	5.0	5,056	2.1	3,764	2.7	6,446	3.7
Total	<u>140,719</u>	<u>100</u>	<u>165,715</u>	<u>100</u>	<u>240,798</u>	<u>100</u>	<u>140,469</u>	<u>100</u>	<u>170,540</u>	<u>100</u>

Generally, the Group conducts project works in premises which are either in the residential or commercial and industrial sector. The following table sets forth a summary of revenue generated from the sector where the Group's projects belong to for the three years ended 31 March 2018 and the nine months ended 31 December 2017 and 2018:

	For the year ended 31 March						For the nine months ended 31 December			
	2016		2017		2018		2017		2018	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000 (unaudited)	% (unaudited)	HK\$'000 (unaudited)	% (unaudited)
Residential	23,761	16.9	43,094	26.0	38,300	15.9	52,398	37.3	18,521	10.9
Commercial and industrial	116,958	83.1	122,621	74.0	202,498	84.1	88,071	62.7	152,019	89.1
	<u>140,719</u>	<u>100</u>	<u>165,715</u>	<u>100</u>	<u>240,798</u>	<u>100</u>	<u>140,469</u>	<u>100</u>	<u>170,540</u>	<u>100</u>

Comparison between the years ended 31 March 2016 and 2017

The Group's total revenue increased by 17.8% from approximately HK\$140,719,000 for the year ended 31 March 2016 to approximately HK\$165,715,000 for the year ended 31 March 2017. Such increase was mainly due to the significant increase in revenue generated from A&A works projects, despite the decrease in the revenue generated from fitting-out and renovation services.

The decrease in revenue generated from fitting-out and renovation services was primarily attributable to the decrease in sizeable projects undertaken, especially those projects with revenue individually contributed over HK\$5 million, from 5 for the year ended 31 March 2016 to 3 for the year ended 31 March 2017. The increase in revenue derived from A&A projects and interior design projects was mainly due to the increase in number of projects carried out from 68 and 20 for the year ended 31 March 2016 to 102 and 36 for the year ended 31 March 2017, respectively.

Comparison between the years ended 31 March 2017 and 2018

The Group's total revenue increased by approximately 45.3% from approximately HK\$165,715,000 for the year ended 31 March 2017 to approximately HK\$240,798,000 for the year ended 31 March 2018. Such increase was mainly attributable to the increase in revenue generated from both fitting-out and renovation services and, especially, A&A projects, despite the decrease in revenue generated from interior design projects.

The increase in revenue derived from fitting-out and renovation services was mainly due to the increase in number of sizeable projects carried out which individually generated revenue of over HK\$10 million to the Group from 1 for the year ended 31 March 2017 to 3 for the year ended 31 March 2018. The increase in revenue derived from A&A projects was mainly due to the increase in number of projects carried out from 102 for the year ended 31 March 2017 to 128 for the year ended 31 March 2018, and in particular, the number of large scale

projects carried out which individually generated revenue of over HK\$5 million to the Group increased from 5 for the year ended 31 March 2017 to 10 for the year ended 31 March 2018. The decrease in revenue generated from interior design projects was mainly due to the decrease in number of projects carried out from 36 for the year ended 31 March 2017 to 28 for the year ended 31 March 2018.

The Group was awarded large-scale projects benefited from the listing on GEM which were more complex and also lasted long duration. As advised by the Directors, the Group performed higher proportion of contract works of some large-scale projects in the respective fourth quarter of the year ended 31 March 2017 and 2018. Higher proportion of contracts work performed for these large scale projects contributed relatively higher revenue to the fourth quarter than other quarters of the financial year 2017 and 2018. The Directors, based on their experience and knowledge, considered that the business of the Group does not exhibit any significant seasonality effects as projects are conducted in a year-round manner. The Group would recognise revenue with reference to the stage of completion of a contract in the relevant reporting period, where the agreed value of work as set out in the payment certificate established the reference for the stage of completion. Before the receipt of the customer's certificates, the Group recognised revenue based on the management's estimation by the use of all latest information available to measure reliably the work performed. The management's estimation is based on the surveys of work performed, which are a two-way process conducted by the Group and certified by the Group's customers and generally take more than a month to complete. However, the Group should publish quarterly/interim results and annual financial results within 45 days and 3 months, respectively, in accordance with the GEM Listing Rules. The publication of the quarterly results was based on all information available to the Directors but the Group then continued to receive customer certifications of works that were done in the previous quarter which exceeded the reported revenue. When the Group published its final results, it had more time to complete the surveys of work performed and the final results can account for the customer's certifications that certify the exceeded value in the previous quarter as revenue.

Comparison between the nine months ended 31 December 2017 and 2018

The Group's total revenue increased by 21.4% from approximately HK\$140,469,000 for the nine months ended 31 December 2017 to approximately HK\$170,540,000 for the nine months ended 31 December 2018. Such increase was mainly due to the increase in revenue generated from fitting-out and renovation services.

The increase in revenue generated from fitting-out and renovation services was mainly due to the increase in number of projects undertaken from 66 for the nine months ended 31 December 2017 to 69 for the nine months ended 31 December 2018, and in particular, the Group had 2 projects which individually generated revenue of over HK\$10 million for the nine months ended 31 December 2018 while no similar sizeable project was carried out for the nine months ended 31 December 2017. For A&A works sector, the revenue generated from A&A works projects increased as a result of increase in number of sizeable projects undertaken which individually generated revenue of over HK\$10 million to the Group from 1 for the nine months ended 31

December 2017 to 2 for the nine months ended 31 December 2018. The increase in revenue generated from interior design projects was attributable to the increase in number of projects carried out from 23 for the nine months ended 31 December 2017 to 37 for the nine months ended 31 December 2018.

Direct costs

The Group's direct costs comprised (i) direct labour costs; (ii) subcontracting and materials costs; and (iii) other miscellaneous direct costs. The following table sets out the breakdown of the Group's direct costs for the three years ended 31 March 2018 and the nine months ended 31 December 2017 and 2018:

	For the year ended 31 March						For the nine months ended 31 December			
	2016		2017		2018		2017		2018	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000 (unaudited)	% (unaudited)	HK\$'000 (unaudited)	% (unaudited)
Direct labour costs	5,257	4.7	6,444	5.1	8,544	4.4	6,056	5.5	9,231	7.2
Subcontracting and materials costs	99,348	89.7	114,900	90.4	179,292	91.7	98,628	89.0	113,875	88.3
Other miscellaneous direct costs	6,172	5.6	5,802	4.5	7,681	3.9	6,096	5.5	5,844	4.5
Total	<u>110,777</u>	<u>100</u>	<u>127,146</u>	<u>100</u>	<u>195,517</u>	<u>100</u>	<u>110,780</u>	<u>100</u>	<u>128,950</u>	<u>100</u>

Comparison between the years ended 31 March 2016 and 2017

The Group's direct costs increased by 14.8% from approximately HK\$110,777,000 for the year ended 31 March 2016 to approximately HK\$127,146,000 for the year ended 31 March 2017. Such increase was in line with the increase in revenue recognised, leading to the increase in the corresponding value of works subcontracted.

Comparison between the years ended 31 March 2017 and 2018

The Group's direct costs increased by 53.8% from approximately HK\$127,146,000 for the year ended 31 March 2017 to approximately HK\$195,517,000 for the year ended 31 March 2018. In particular, the subcontracting and materials costs increased from approximately HK\$114,900,000 for the year ended 31 March 2017 to approximately HK\$179,292,000 for the year ended 31 March 2018, as the revenue recognised from both fitting-out and renovation services and A&A projects increased, and hence the corresponding value of works subcontracted, increased.

Comparison between the nine months ended 31 December 2017 and 2018

The Group's direct costs increased by 16.4% from approximately HK\$110,780,000 for the nine months ended 31 December 2017 to approximately HK\$128,950,000 for the nine months ended 31 December 2018. Such increase was mainly due to the increase in revenue during the period, resulting in the increase in the corresponding value of works performed.

Gross profit and gross profit margin

The following table sets forth the Group's gross profit and gross profit margin by service type for the periods indicated:

	For the year ended 31 March			For the nine months ended 31 December	
	2016	2017	2018	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Gross profit					
Fitting-out and renovation services	23,519	19,357	8,660	16,913	25,651
A&A works	2,948	15,876	34,944	12,334	11,703
Interior design services	3,475	3,336	1,677	442	4,236
Total	<u>29,942</u>	<u>38,569</u>	<u>45,281</u>	<u>29,689</u>	<u>41,590</u>
Gross profit margin					
Fitting-out and renovation services	24.8%	25.0%	10.0%	22.7%	27.6%
A&A works	7.5%	19.8%	23.4%	19.8%	16.4%
Interior design services	50.0%	40.4%	33.2%	11.7%	65.7%
Overall	21.3%	23.3%	18.8%	21.1%	24.4%

Comparison between the years ended 31 March 2016 and 2017

The Group's gross profit increased by 28.8% from approximately HK\$29,942,000 for the year ended 31 March 2016 to approximately HK\$38,569,000 for the year ended 31 March 2017 mainly due to the increase in revenue during the period as discussed above.

The Group's overall gross profit margin increased from 21.3% for the year ended 31 March 2016 to 23.3% for the year ended 31 March 2017, mainly due to the increase in the gross profit margin of the A&A sector. The gross profit margin of the A&A sector for the year ended 31 March 2016 was relatively lower, i.e. 7.5%, as the Group undertook two projects, which included the façade works for a famous luxurious jewellery chain store and the building maintenance works for a housing estate in Kowloon, with revenue recognised of approximately HK\$7,548,000 for the year. An aggregate gross loss of approximately

HK\$2,141,000 was recorded for the year. Setting aside these projects, the Group's profit margin for A&A works for the year ended 31 March 2016 was 16.1%, which was lower than that of 19.8% for the year ended 31 March 2017. The Group's profit margin increased mainly because the Group undertook three projects, namely (i) building maintenance works for a private residential building; (ii) structural works for a commercial building; and (iii) repairing works for columns which commenced in around the same month, where the Group engaged a same subcontractor as the major subcontractor for these projects for favourable subcontracting fees, resulting in a higher gross profit margin for these projects. The aggregate revenue of approximately HK\$13,087,000 and gross profit of approximately HK\$4,848,000 were recognised from these projects during the year ended 31 March 2017.

Comparison between the years ended 31 March 2017 and 2018

The Group's gross profit increased by 17.4% from approximately HK\$38,569,000 for the year ended 31 March 2017 to approximately HK\$45,281,000 for the year ended 31 March 2018; which was in line with the increase in revenue during the period.

The Group's overall gross profit margin decreased from 23.3% for the year ended 31 March 2017 to approximately 18.8% for the year ended 31 March 2018, mainly resulting from the lower gross profit margin in the fitting-out and renovation sector. A relatively large scale fitting-out and renovation project was practically completed in the year ended 31 March 2018, but the final account of the project has not been agreed between the customer and the Group. For this project, the Group is still arranging with occupants for making good a few defects and the final account is still being assessed by the client and the Group is in the course of preparing supporting information to the client as at the Latest Practicable Date. The Directors are advised that the making good of defects can be carried out at the service apartment units when they are vacant, and they estimate that it will take approximately six months to complete the making good of defects from the date of this announcement, assuming that the units can be handed over to the Group. The Directors confirm that subject to the favourable outcome of the negotiation, revenue of not more than approximately HK\$6 million will be recognised upon agreement on the final account. In accordance with the Group's accounting policy and applicable financial reporting standards, all the expenses of such project incurred in the year were recognised for the year ended 31 March 2018. Such project contributed revenue of approximately HK\$2,468,000 and had a project gross loss of approximately HK\$5,502,000 for the year ended 31 March 2018. Should the revenue and direct costs of this project be excluded for illustration purposes only, gross profit margin for the Group's fitting-out and renovation sector and the Group's overall gross profit margin would become 16.8% and 21.3% for the year ended 31 March 2018, respectively. On the other hand, the gross profit margin of the fitting-out and renovation services for the year ended 31 March 2017 was relatively higher as the Group undertook relatively high margin projects with revenue recognised of approximately HK\$6,959,000 for the year, for a famous chain of Chinese products department store, which involved fitting-out and renovation works of a six storey building. The overall gross profit margin of these projects were 31.4%. Other high margin fitting-out and renovation projects included (i) fitting-out and renovation works for a whole storey in an office building; (ii) floor screeding works for a toy store; and (iii) fitting-out works

for a residential flat, which together contributed approximately HK\$14,341,000 revenue and had overall gross margin of 24.1% for the year ended 31 March 2017.

For A&A works sector, the Group's gross profit margin improved from 19.8% for the year ended 31 March 2017 to 23.4% for the year ended 31 March 2018. The gross profit margin in A&A works sector was improved as the Group undertook three relatively higher gross profit margin projects, which included (i) demolition works of a residential building; (ii) fire safety improvement works of a residential building; and (iii) repair and maintenance works of an industrial building. These projects in aggregate generated revenue of approximately HK\$18,239,000 and gross profit of approximately HK\$8,112,000 for the year. The Directors are of the view that the continuous improvement in the gross profit margin for A&A works was mainly due to (i) more profitable projects with relatively large contract sum being awarded as a result of the Group's improved reputation upon the listing on GEM in 2017, leading to higher expectation on quality and hence price of the projects; (ii) abilities and connections in sourcing from materials suppliers and subcontractors with lower costs; and (iii) the increasing project management effort to control suppliers and subcontractors and optimise costs.

Comparison between the nine months ended 31 December 2017 and 2018

The Group's gross profit increased by 40.1% from approximately HK\$29,689,000 for the nine months ended 31 December 2017 to approximately HK\$41,590,000 for the nine months ended 31 December 2018. Such increase was mainly due to the increase in revenue over the periods as discussed above.

The Group's overall gross profit margin increased from 21.1% for the nine months ended 31 December 2017 to 24.4% for the nine months ended 31 December 2018, mainly attributable to the increase in the gross profit margin of the fitting-out and renovation sector. During the nine months ended 31 December 2018, the Group undertook two interior fitting-out projects for an American brand's footwear shop and a famous multinational technology company which generated revenue in aggregate of approximately HK\$41,174,000 for the period. A relatively high average project gross margin of 41.1% was achieved for these projects as the Group considered that they are complicated projects given the client's requirements and very tight project deadline, and hence these projects drove up the overall gross profit margin for the nine months ended 31 December 2018. For A&A works sector, the gross profit margin decreased from 19.8% for the nine months ended 31 December 2017 to 16.4% for the nine months ended 31 December 2018. Such decrease was mainly due to two relatively lower gross profits margin projects, namely (i) repair works for a residential building; and (ii) A&A works for a commercial building. These projects in aggregate generated revenue of approximately HK\$21,950,000 and gross profit of approximately HK\$2,401,000 for the period.

Other income, other gains and losses, net

Comparison between the years ended 31 March 2016 and 2017

The Group's net other income, other gains and losses, net decreased from net loss of approximately HK\$962,000 for the year ended 31 March 2016 to net loss of approximately HK\$350,000 for the year ended 31 March 2017, which was mainly due to the decrease in loss arising on the change in fair value of derivative financial instruments from approximately HK\$1,030,000 for the year end 31 March 2016 to approximately HK\$515,000 for the year ended 31 March 2017.

Comparison between the years ended 31 March 2017 and 2018

For the Group's other income, other gains and losses, net, the Group recorded net gain of approximately HK\$1,382,000 for the year ended 31 March 2018 in contrast to net loss of approximately HK\$350,000 for the year ended 31 March 2017. Such increase was mainly attributable to (i) the increase in other income arising from insurance claims, interest income on deposits and prepayments for life insurance policies and sundry income of approximately HK\$982,000; (ii) gain on disposal of plant and equipment of approximately HK\$261,000 during the year ended 31 March 2018; and (iii) gain arising on change in fair value of derivative financial instruments of approximately HK\$20,000 for the year ended 31 March 2018 in contrast to loss of approximately HK\$515,000 for the year ended 31 March 2017.

Comparison between the nine months ended 31 December 2017 and 2018

The Group's other income, other gains and losses, net remained relatively stable at approximately HK\$125,000 and HK\$32,000 for the nine months ended 31 December 2017 and 2018, respectively.

Administrative and other operating expenses

The following table sets forth the breakdown of administrative and other operating expenses for the periods indicated:

	For the year ended 31 March			For the nine months ended	
	2016	2017	2018	31 December	
	HK\$'000	HK\$'000	HK\$'000	2017	2018
				HK\$'000	HK\$'000
				(unaudited)	(unaudited)
Salaries and other benefits	3,112	3,317	3,851	2,425	2,622
Directors' remuneration	1,784	1,997	3,026	1,250	2,111
Listing expenses	4,512	8,545	–	–	–
Depreciation	252	349	1,104	280	1,170
Impairment loss recognised on trade receivables	718	1,304	3,378	1,094	7,295
Provision of legal claims	2,013	–	–	–	–
Legal and professional fee	1,181	1,388	3,836 ^(Note)	3,871	4,895
Rent and rates	425	479	1,196	626	1,110
Others	1,821	2,224	2,241	2,474	2,400
	<u>15,818</u>	<u>19,603</u>	<u>18,632</u>	<u>12,020</u>	<u>21,603</u>

Note:

The legal and professional fee mainly included (i) the compliance cost incurred after the Listing; and (ii) the legal costs incurred in relation to the fatal accident occurred on 20 August 2013.

Comparison between the years ended 31 March 2016 and 2017

The Group's administrative and other operating expenses increased by 23.9% from approximately HK\$15,818,000 for the year ended 31 March 2016 to approximately HK\$19,603,000 for the year ended 31 March 2017, primarily due to the significant increase in the listing expenses recognised for the listing on GEM in January 2017.

Comparison between the years ended 31 March 2017 and 2018

Administrative and other operating expenses of the Group decreased by approximately 5.0% from approximately HK\$19,603,000 for the year ended 31 March 2017 to approximately HK\$18,632,000 for the year ended 31 March 2018. Such decrease was mainly attributable to the effect of the non-recurrence of listing expenses of approximately HK\$8,545,000 recognised in 2017. Setting aside the amount of such listing expenses, the increase in administrative and other operating expenses was due to (i) the increase in rental expenses as a result of relocation of office from North Point to Kwun Tong and the renovation for the office for business expansion; (ii) the increase in wages and bonus; and (iii) the increase in impairment loss recognised on trade receivables.

Comparison between the nine months ended 31 December 2017 and 2018

The Group's administrative and other operating expenses increased by 79.7% from approximately HK\$12,020,000 for the nine months ended 31 December 2017 to approximately HK\$21,603,000 for the nine months ended 31 December 2018, mainly due to (i) the increase in rental expenses as a result of relocation of office; (ii) the increase in impairment loss recognised on trade receivables; and (iii) the increase in legal and professional fee recognised in relation to the Transfer of Listing.

Finance costs

The following table sets out the finance costs of the Group for the three years ended 31 March 2018 and the nine months ended 31 December 2017 and 2018:

	For the year ended 31 March			For the nine months ended 31 December	
	2016	2017	2018	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	(unaudited)
Interest on bank borrowings and overdrafts	124	562	659	389	453
Interest on obligation under finance leases	13	37	–	–	–
	<u>137</u>	<u>599</u>	<u>659</u>	<u>389</u>	<u>453</u>

Comparison between the years ended 31 March 2016 and 2017

The Group's finance costs increased by 337.2% from approximately HK\$137,000 for the year ended 31 March 2016 to approximately HK\$599,000 for the year ended 31 March 2017, mainly due to the increase in secured bank loans during the year.

Comparison between the years ended 31 March 2017 and 2018

Finance costs of the Group increased by approximately 10.0% from approximately HK\$599,000 for the year ended 31 March 2017 to approximately HK\$659,000 for the year ended 31 March 2018. The increase was mainly due to the increase in secured bank loans during the year.

Comparison between the nine months ended 31 December 2017 and 2018

The Group's finance costs increased by 16.5% from approximately HK\$389,000 for the nine months ended 31 December 2017 to approximately HK\$453,000 for the nine months ended 31 December 2018, mainly due to the higher utilisation of the Group's banking facility during the period of comparison.

Profit and total comprehensive income for the year

As a result of the foregoing, the Group's profit and total comprehensive income for the year attributable to owners of the Company increased by 31.2% from approximately HK\$10,067,000 for the year ended 31 March 2016 to approximately HK\$13,210,000 for the year ended 31 March 2017 and further increased by 66.1% to approximately HK\$21,940,000 for the year ended 31 March 2018. For the nine months ended 31 December 2018, the Group's profit and total comprehensive income for the period attributable to owners of the Company increased by 7.3% from approximately HK\$14,105,000 for the nine months ended 31 December 2017 to approximately HK\$15,136,000.

OTHER FINANCIAL INFORMATION OF THE GROUP

Set out below is the consolidated statement of financial position as at the dates indicated:

	As at 31 March		As at 31 December	
	2016	2017	2018	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)
Non-current assets				
Plant and equipment	424	775	4,977	4,026
Deposits and prepayments for life insurance policies	2,725	2,807	2,913	2,743
Deferred tax assets	–	–	–	1,167
	<u>3,149</u>	<u>3,582</u>	<u>7,890</u>	<u>7,936</u>
Current assets				
Trade and other receivables	35,277	30,057	61,323	44,223
Amounts due from customers for contract work	4,761	31,363	36,939	–
Contract assets	–	–	–	53,877
Amounts due from related parties	3,732	28	730	750
Held-for-trading investments	10	13	17	13
Pledged bank deposit	–	3,000	–	–
Bank balances and cash	7,209	36,264	43,104	30,861
	<u>50,989</u>	<u>100,725</u>	<u>142,113</u>	<u>129,724</u>
Total assets	<u>54,138</u>	<u>104,307</u>	<u>150,003</u>	<u>137,660</u>

	As at 31 March		As at 31 December	
	2016	2017	2018	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)
Current liabilities				
Trade and other payables	7,862	9,881	15,333	18,349
Derivative financial instruments	783	235	–	–
Amounts due to customers for contract work	15,411	3,725	4,499	–
Amount due to a related party	2,429	–	–	–
Borrowings	2,205	6,483	24,332	23
Obligations under finance leases	102	–	–	–
Current tax liabilities	1,545	1,004	768	5,158
	<u>30,337</u>	<u>21,328</u>	<u>44,932</u>	<u>23,530</u>
Net current assets	<u>20,652</u>	<u>79,397</u>	<u>97,181</u>	<u>106,194</u>
Total assets less current liabilities	<u>23,801</u>	<u>82,979</u>	<u>105,071</u>	<u>114,130</u>
Non-current liabilities				
Derivative financial instruments	168	–	–	–
Obligations under finance leases	149	–	–	–
Deferred tax liabilities	–	–	152	152
	<u>317</u>	<u>–</u>	<u>152</u>	<u>152</u>
Net assets	<u><u>23,484</u></u>	<u><u>82,979</u></u>	<u><u>104,919</u></u>	<u><u>113,978</u></u>
Capital and reserves				
Equity attributable to owners of the Company				
Share capital	2	11,200	11,200	11,200
Reserves	23,482	71,779	93,719	102,778
	<u>23,484</u>	<u>82,979</u>	<u>104,919</u>	<u>113,978</u>
Total equity	<u><u>23,484</u></u>	<u><u>82,979</u></u>	<u><u>104,919</u></u>	<u><u>113,978</u></u>

Net current assets and net assets

The Group's net current assets position increased from approximately HK\$20,652,000 as at 31 March 2016 to approximately HK\$79,397,000 as at 31 March 2017. The Group's net assets position also increased from approximately HK\$23,484,000 as at 31 March 2016 to approximately HK\$82,979,000 as at 31 March 2017. Such increase was mainly due to the net proceeds received upon the Listing on GEM in January 2017 and the profit made over the year, which enhanced the asset base of the Group.

Thereafter, the Group's net current assets position increased to approximately HK\$97,181,000 as at 31 March 2018 and further increased to approximately HK\$106,194,000 as at 31 December 2018. The increase in net current assets was a result of the Group's business growth. The Group's net assets position also increased to approximately HK\$104,919,000 as at 31 March 2018 and further increased to approximately HK\$113,978,000 as at 31 December 2018, as the Group made profit which increased the Group's equity.

Plant and equipment

The following table sets out the respective carrying amounts of the Group's plant and equipment as at the respective dates as indicated:

	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at				
31 March 2016	<u>149</u>	<u>64</u>	<u>211</u>	<u>424</u>
31 March 2017	<u>74</u>	<u>170</u>	<u>531</u>	<u>775</u>
31 March 2018	<u>2,901</u>	<u>2,076</u>	<u>–</u>	<u>4,977</u>
31 December 2018 (unaudited)	<u>2,072</u>	<u>1,895</u>	<u>59</u>	<u>4,026</u>

The net book value of the Group's plant and equipment remained relatively stable as at 31 March 2016 and 2017, then increased from 31 March 2017 to 31 March 2018 which was mainly attributable to the additions of leasehold improvements and furniture, fixtures and equipment in relation to the relocation of office during the year for business expansion. As at 31 December 2018, the decrease in net book value was mainly due to the depreciation of plant and equipment over the period.

Deposits and prepayments for life insurance policies

The Group entered into two life insurance policies with an insurance company to insure Mr. Cheung and Mr. Lam to mitigate the financial losses and disruption to the business arising from the death of key personnel. Under the policies, Ample Construction is the beneficiary and policy holder and the total insured sum is US\$2,000,000. Ample Construction was required to pay upfront deposits of approximately US\$333,000. The Group was not required to make other payment to the insurer other than such upfront deposits. Ample Construction can terminate the policies at any time and receive cash back based on the cash value of the policies at the date of withdrawal. The cash value is determined by the upfront payments of approximately US\$333,000 plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge. In addition, if withdrawal is made at any time during the first to the fifteenth policy year, as appropriate, a pre-determined amount of surrender charge would be imposed. The insurance company will pay Ample Construction a guaranteed interest of 4.0% per annum for the first ten years, followed by guaranteed interest rate of 3.0% or above per annum for the following years.

As at 31 March 2016, 2017 and 2018 and 31 December 2018, the deposits and prepayments for life insurance policies amounted to approximately HK\$2,725,000, HK\$2,807,000, HK\$2,913,000 and HK\$2,743,000 (unaudited), respectively. The deposits and prepayments for life insurance policies are denominated in US\$.

Trade and other receivables

The Group's trade and other receivables consisted of (i) trade receivables; (ii) retention receivables; and (iii) other receivables, prepayments and deposits. The following table sets out the breakdown of trade and other receivables as at the dates indicated:

	As at 31 March			As at 31 December
	2016	2017	2018	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)
Trade receivables	24,786	21,342	52,033	52,903
Less: Allowance for doubtful debts	(1,165)	(1,926)	(5,143)	(12,438)
	23,621	19,416	46,890	40,465
Retention receivables	10,650	9,454	11,891	–
Other receivables, prepayments and deposits	1,006	1,187	2,542	3,758
	<u>35,277</u>	<u>30,057</u>	<u>61,323</u>	<u>44,223</u>

Trade receivables

The Group's trade receivables, net of allowance of doubtful debts, remained relatively stable at approximately HK\$23,621,000 and HK\$19,416,000 as at 31 March 2016 and 2017, respectively. The Group's trade receivables, net of allowance of doubtful debts, then increased by approximately HK\$27,474,000 to approximately HK\$46,890,000 as at 31 March 2018, which were mainly due to the progress billings of a number of projects, including some large scale A&A projects, near 31 March 2018. As at 31 December 2018, the Group's trade receivables, net of allowance of doubtful debts, decreased to approximately HK\$40,465,000 mainly due to the settlement of trade receivables over the period.

Ageing analysis of trade receivables

The following table sets forth the ageing analysis of the Group's trade receivables, net of allowance for doubtful debts and based on the invoice date, as at the end of the periods indicated:

	As at 31 March			As at 31
	2016	2017	2018	December
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(unaudited)
0 – 30 days	17,130	15,313	37,755	5,672
31 – 60 days	4,451	2,434	4,476	12,939
61 – 90 days	458	296	3,125	7,510
91 – 180 days	1,245	1,126	1,505	3,341
Over 180 days	337	247	29	11,003
	<u>23,621</u>	<u>19,416</u>	<u>46,890</u>	<u>40,465</u>

The following table sets forth the ageing analysis of trade receivables that are past due but not impaired for the respective date indicated:

	As at 31 March			As at 31
	2016	2017	2018	December
	HK\$'000	HK\$'000	HK\$'000	2018
				HK\$'000
				(unaudited)
Overdue by:				
1 – 30 days	4,451	2,434	4,476	12,946
31 – 60 days	458	296	3,125	7,510
61 – 90 days	445	631	72	2,273
91 – 180 days	906	742	1,462	12,071
Over 180 days	231	–	–	–
	<u>6,491</u>	<u>4,103</u>	<u>9,135</u>	<u>34,800</u>

The significant increase in trade receivables outstanding for over 180 days and trade receivables that are past due but not impaired for 91-180 days were mainly due to delayed settlement by some of the Group's major customers. In addition to the aforesaid, the significant increase in trade receivables overdue by 1-30 days was mainly resulting from the fitting-out and renovation projects granted by the Group's major customers, being another primary reason, which led to the overall rise of trade receivables that are past due but not impaired as at 31 December 2018.

The Group considers that there has been no significant change in credit quality for trade receivables that are overdue by over 90 days but not impaired, mainly because: (i) the Directors did not foresee any material changes in the macroeconomic, political and social conditions, as well as government policies, which could have imposed a significant adverse effect on the business and financial condition of these customers; (ii) the Directors did not notice any material changes in respect of the business and financial conditions of these customers which are affecting their repayment ability through the Group's on-going communication with these customers; and (iii) the Directors also took into account the relatively satisfactory settlement track record of these customers.

Therefore, the Group did not recognise an allowance for doubtful debts for these trade receivables as the Directors considered that there has not been a significant change in credit quality and the amounts are still considered recoverable. As at the Latest Practicable Date, approximately HK\$10,546,000 or 87.4% of trade receivables overdue by 91-180 days as at 31 December 2018 were settled.

Impairment of trade receivables

Movements in the Group's provision for impairment of trade receivables are as follows:

	For the years ended 31 March			For the nine months ended 31 December
	2016	2017	2018	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)
Balance at beginning of the year/period	587	1,165	1,926	5,143
Impairment losses recognised during the year/period	718	1,304	3,378	7,295
Amounts written off during the year/period as uncollectible	(63)	–	–	–
Impairment losses reversed	(77)	(543)	(161)	–
	<u>1,165</u>	<u>1,926</u>	<u>5,143</u>	<u>12,438</u>
Balance at end of the year/period	<u>1,165</u>	<u>1,926</u>	<u>5,143</u>	<u>12,438</u>

The individually impaired trade receivables relate to customers that have been in default in payment or in financial difficulties in repaying their outstanding balances. In determining the recoverability of trade receivables, the Group considers that any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The increase in impairment losses recognised for trade receivables for the nine months ended 31 December 2018 was mainly due to the provision made for the long outstanding trade receivables in relation to the relatively large scale A&A works project.

As at the Latest Practicable Date, approximately HK\$29,255,000 or 72.3% of trade receivables as at 31 December 2018 were settled.

Debtors' turnover days

The following table sets out the debtors' turnover days for the periods indicated:

	For the years ended 31 March			For the nine months ended 31 December
	2016	2017	2018	2018
				(unaudited)
Debtors' turnover days	40.1 days	47.4 days	50.3 days	70.4 days

The Group recorded a lower debtors' turnover days of approximately 40.1 days for the year ended 31 March 2016 as compared with that of approximately 47.4 days for the year ended 31 March 2017, primarily due to the settlement of trade receivables which resulted in a relatively low opening balance of trade receivables for the year ended 31 March 2016. The debtors' turnover days then increased to approximately 50.3 days for the year ended 31 March 2018 since value of works completed near the end of the reporting year was substantial and hence the closing balance of trade receivables as at 31 March 2018 increased. The debtors' turnover days further increased to approximately 70.4 days for the nine months ended 31 December 2018 as a result of relatively high opening balance of trade receivables and the delayed payment of customers as at 31 March 2018 as discussed above.

Retention receivables

Retention receivables represent the retention money to be held up by customer at each interim payment or at practical completion of the project to secure due performance of the contracts.

As at 31 March 2016 and 2017, the Group's retention receivables remained stable at approximately HK\$10,650,000 and HK\$9,454,000, respectively. The Group's retention receivables then increased to approximately HK\$11,891,000 as at 31 March 2018. It was mainly due to increasing amount of revenue that was subject to retention requirement. As at 31 December 2018, the Group's retention receivables were reclassified as "contract assets" upon the adoption of HKFRS 9. For details, please refer to the section headed "Financial information of the Group – Contract assets" in this announcement. The release of retention money will be made after completion of the projects and expiry of applicable defects liability periods.

Other receivables, prepayments and deposits

Other receivables, prepayments and deposits mainly represent rental deposits, deposits for utilities and the cash collateral for surety bonds.

The Group's other receivables, prepayment and deposit remained relatively stable at approximately HK\$1,006,000 and HK\$1,187,000 as at 31 March 2016 and 2017, respectively. Thereafter, the Group's other receivables, prepayments and deposits increased to approximately HK\$2,542,000 as at 31 March 2018. Such increase was mainly due to (i) the increase of cash collateral for surety bonds and site deposits of approximately HK\$526,000 due to increasing amount of revenue that was subject to surety bond and site deposit requirement; (ii) the increase in rental deposits due to relocation of office for business expansion; and (iii) the increase in prepaid professional fees and expenses after the Listing. As at 31 December 2018, the Group's other receivables, prepayments and deposits increased to approximately HK\$3,758,000, which was mainly due to the increase in cash collateral for surety bonds as at 31 December 2018.

Amounts due from/to customers for contract work

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. The following table sets out the Group's amount due from/to customers for contract work as at 31 March 2016, 2017 and 2018 and 31 December 2018:

	As at 31 March			As at 31 December
	2016	2017	2018	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)
Contracts in progress at the end of each of the reporting period:				
Contract costs incurred plus recognised profits less recognised losses	206,551	188,678	272,829	–
Less: Progress billings	(217,201)	(161,040)	(240,389)	–
	<u>(10,650)</u>	<u>27,638</u>	<u>32,440</u>	<u>–</u>
Analysed for reporting purposes as:				
Amounts due from customers for contract work	4,761	31,363	36,939	–
Amounts due to customers for contract work	(15,411)	(3,725)	(4,499)	–
	<u>(10,650)</u>	<u>27,638</u>	<u>32,440</u>	<u>–</u>

The gross amounts due from/to customers for contract work are normally affected by (i) the amount of works handled by the Group at the time close to the end of each reporting period, (ii) the time of certifying payment application by customers or the Group's progress billings for the projects, which can vary significantly from period to period.

Subsequent certification

In respect of the gross amounts of approximately HK\$4,761,000 due from customers for contract work as at 31 March 2016, all of the amount had been subsequently certified and settled up to the Latest Practicable Date.

In respect of the gross amounts of approximately HK\$31,363,000 due from customers for contract work as at 31 March 2017, approximately HK\$26,216,000 or 83.6% had been subsequently certified and settled up to the Latest Practicable Date.

In respect of the gross amounts of approximately HK\$36,939,000 due from customers for contract work as at 31 March 2018, approximately HK\$29,324,000 or 79.4% had been subsequently certified and settled up to the Latest Practicable Date.

Upon the adoption of HKFRS 15, the Group no longer recognised the gross amounts due from/to customers for contract work and instead the contract assets were recognised. For details, please refer to the section headed “Financial information of the Group – Contract assets” in this announcement.

Contract assets

Upon adoption of HKFRS 15, contract assets are recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses and are reclassified to receivables when the right to the consideration has become unconditional. Previously, contract balances relating to construction contracts in progress were presented in the statement of financial position under “gross amounts due from customers for contract work” or “gross amounts due to customers for contract work” respectively. For details, please refer to the section headed “Financial information of the Group – Amounts due from/to customers for contract work” in this announcement. As at 31 December 2018, the contract assets amounted to approximately HK\$53,877,000. Up to the Latest Practicable Date, approximately HK\$22,513,000 or 41.8% of the contract assets as at 31 December 2018 was subsequently certified and out of which approximately HK\$21,803,000 was subsequently settled.

Trade and other payables

The Group’s trade and other payables comprise (i) trade payables; and (ii) other payables and accruals. The following table sets forth the details of the Group’s trade and other payables as at the dates indicated:

	As at 31 March			As at 31 December
	2016	2017	2018	2018
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
				(unaudited)
Trade payables	5,304	7,166	11,522	14,472
Other payables and accruals	2,558	2,715	3,811	3,877
	<u>7,862</u>	<u>9,881</u>	<u>15,333</u>	<u>18,349</u>

The Group's trade payables increased from 31 March 2016 to 31 March 2018 year-on-year as there were increasing subcontracting charges and material purchases incurred for the Group's projects, which is in line with the increase in revenue throughout the years. The Group's trade payables subsequently increased as at 31 December 2018 mainly due to the increase in credit purchase from the Group's suppliers and subcontractors near the end of reporting period.

As at the Latest Practicable Date, approximately HK\$11,099,000 or 76.7% of trade payables as at 31 December 2018 were settled.

The following table sets out the creditors' turnover days for the periods indicated:

	For the years ended 31 March			For the nine months ended 31 December
	2016	2017	2018	2018 (unaudited)
Creditors' turnover days	19.7 days	17.9 days	17.4 days	27.7 days

The Group's creditors' turnover days remained relatively stable at approximately 19.7 days, 17.9 days, 17.4 days and 27.7 days for the years ended 31 March 2016, 2017 and 2018 and the nine months ended 31 December 2018, respectively.

INDEBTEDNESS

The following table sets forth a breakdown of the Group's indebtedness as at 31 March 2016, 2017 and 2018 and 28 February 2019, being the latest practicable date for the purpose of this indebtedness statement:

	As at 31 March			As at 28 February
	2016	2017	2018	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amount due to a related party	2,429	–	–	–
Borrowings	2,205	6,483	24,332	24,634
Obligations under finance leases	251	–	–	–
	<u>4,885</u>	<u>6,483</u>	<u>24,332</u>	<u>24,634</u>

Bank borrowings and bank overdrafts

The following table sets forth a breakdown of the Group's bank borrowings and bank overdrafts as at the dates indicated:

	As at 31 March			As at
	2016	2017	2018	28 February
	HK\$'000	HK\$'000	HK\$'000	2019
				HK\$'000
				(unaudited)
Bank loans – secured	1,176	6,483	24,332	24,634
Bank overdrafts	1,029	–	–	–
	<u>2,205</u>	<u>6,483</u>	<u>24,332</u>	<u>24,634</u>
Carrying amounts repayable*:				
On demand or within one year	1,713	5,245	24,332	24,634
More than one year, but not exceeding two years	264	1,238	–	–
More than two years, but not exceeding five years	228	–	–	–
	<u>2,205</u>	<u>6,483</u>	<u>24,332</u>	<u>24,634</u>
Amount shown under current liabilities	<u>2,205</u>	<u>6,483</u>	<u>24,332</u>	<u>24,634</u>

* The amounts due are presented based on scheduled repayment dates set out in the loan agreements.

The Group maintains a revolving loan facility from time to time for settling trade and other payables for projects which the Group normally incurs expenses before receiving progress payments as cash inflows. The amount of bank loans-secured as at 31 March 2018 was approximately HK\$24,332,000, the balance was significantly higher than that as at 31 March 2016 and 2017 because the Group's work done near 31 March 2018 was substantial and it incurred substantial project costs.

As at 28 February 2019, the Group had unutilised banking facilities of approximately HK\$313,000.

Obligations under finance leases

The following table sets out our obligations under finance leases repayable as at the dates indicated.

	As at 31 March			As at 28 February
	2016	2017	2018	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)
Within one year	102	–	–	–
In the second to fifth years, inclusive	149	–	–	–
Present value of minimum lease payments	<u>251</u>	<u>–</u>	<u>–</u>	<u>–</u>

Contingent liabilities

Certain customers of construction contracts undertaken by the Group require the Group to issue guarantees for the performance of contracts work in the form of surety bonds, which amounted to approximately HK\$2,984,000, HK\$2,844,000, HK\$3,570,000 and HK\$10,446,000 as at 31 March 2016, 2017 and 2018 and 28 February 2019, respectively.

Please also refer to the annual reports of the Company for the years ended 31 March 2017 and 2018 for further details of the annual results and management discussion and analysis of the Group during the corresponding period.

WORKING CAPITAL

The Directors are of the opinion that, after taking into account the Group's internal resources and existing facilities available to the Group, the Group has sufficient working capital for its requirements for at least next 12 months from the date of this announcement.

THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2018

On 1 February 2019, the Company announced the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2018. For details, please refer to the said announcement and the third quarterly report for the nine months ended 31 December 2018 published on 13 February 2018.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that subsequent to 31 March 2018 and up to the date of this announcement, there has been no material adverse change in the financial or trading position or prospects of the Group and there have been no trends or developments which may have a material adverse impact on the Group's business operations or financial performance.

USE OF PROCEEDS

The net proceeds from the Listing, after deducting listing related expenses, amounted to approximately HK\$51.2 million. An analysis of the utilisation of the net proceeds from the Listing as at 31 March 2019 is set out below:

	Planned use of net proceeds as stated in the Prospectus up to 31 March 2019 <i>HK\$'000</i>	Actual use of net proceeds up to 31 March 2019 <i>HK\$'000</i>	Comparison of the actual use of proceeds against the proposed use of proceeds
Participate further in large scale fitting-out renovation and A&A projects and enlarge the Group's market share in Hong Kong	18,022	17,958	The actual use of proceeds is lower than the planned use of proceeds as the period for application of "Group M1" license was longer than expected, leading to the delay in setting up a public housing improvement and maintenance team.
Participate in competitions and exhibitions to promote and develop the Group's interior design and fitting-out business	8,704	3,074	The actual use of proceeds is lower than the planned use of proceeds as longer time is required to identify suitable project manager and designer candidates to fill in the job openings and two designers were recruited in April 2018 and October 2018, respectively. The Group has immediate recruitment plans and is still in the process of searching for suitable project manager and as such, the intended participation in interior design exhibition is delayed.
Expand the Group's manpower for projects execution and strengthen the skills of the Group's staff	9,933	6,581	The actual use of proceeds is lower than the planned use of proceeds as it took longer than expected time to recruit a suitable project execution staff to join the Group and the expenses on staff were less than the Group's originally anticipated. The Group recruited two site agents during the three months ended 31 December 2018 to strengthen project execution.

	Planned use of net proceeds as stated in the Prospectus up to 31 March 2019 <i>HK\$'000</i>	Actual use of net proceeds up to 31 March 2019 <i>HK\$'000</i>	Comparison of the actual use of proceeds against the proposed use of proceeds
Strengthen the Group's business development and quantity surveying and enhance the Group's marketing resources	9,421	2,086	The actual use of proceeds is lower than the planned use of proceeds as the Group took longer time to recruit a suitable quantity survey manager and a quantity surveyor than originally expected. The recruitment of a project assistant was made but also lagged behind the schedule. The business development department has been established as a business development manager was on board in September 2018 and a draftman also joined the Group in November 2018 to assist on the design aspect of the Group's business development.
General working capital	5,120	5,120	The actual use of proceeds was the same as the planned use of proceeds.
Total	<u>51,200</u>	<u>34,819</u>	

As at 31 March 2019, the actual use of proceeds was less than the estimated net proceeds but had been applied in the same manner as specified in the section headed "Business Objective and Use of Proceeds" of the Prospectus. The net proceeds of approximately HK\$16.4 million had not yet been utilised as at 31 March 2019. While the Directors expect that the remaining net proceeds may not be fully utilised by the end of the financial year ended 31 March 2019, the Group will continue to apply the proceeds from its Listing on GEM in accordance with the proceeds allocation set out in the Prospectus.

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

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

The biographical information of each current Director and current senior management as at the date of this announcement is as follows:

Executive Directors

Ms. WONG Wan Sze (黃韻詩) ("Ms. Wong"), aged 39, is the executive Director and chairman of the Board. Ms. Wong was appointed as the executive Director on 5 May 2016. Ms. Wong is responsible for the overall strategic management and development of the Group's business operations and is serving on the Remuneration Committee and Nomination

Committee. Ms. Wong joined the Group as a director of Ample Construction in March 2007 and had been responsible for establishing business objectives and exploring business opportunities for the Group. In October 2009, Ms. Wong resigned as a director of Ample Construction and was appointed as the general manager of Ample Construction, and has since been responsible for supervision of marketing, human resources and all administrative functions of the Group. Ms. Wong obtained a Certificate in General Nursing from Enrolled Nurse Training School Tung Wah Eastern Hospital in September 2000. Prior to joining the Group, Ms. Wong worked as an enrolled nurse. Ms. Wong is the spouse of Mr. Cheung.

Mr. LAM Shui Wah (林瑞華), aged 43, is the executive Director, chief executive officer and the co-founder of the Group. Mr. Lam was appointed as the Director on 11 February 2016 and re-designated as executive Director on 5 May 2016. Mr. Lam is responsible for overseeing the Group's business development, operations, human resources, finance and administration. Mr. Lam is an authorised signatory and a technical director for Ample Construction on the Register of General Building Contractors of the Buildings Department. Mr. Lam is also a director of all subsidiaries of the Company. Mr. Lam obtained a Bachelor of Science Degree from the University of Central Lancashire, the United Kingdom in December 2004 and a Certificate of Completion in Building Studies for Building Discipline from the Hong Kong Institution of Engineers in November 2006. Mr. Lam has over 22 years of experience in the construction industry. Mr. Lam started to run Ample Construction in April 2005. His working experience prior to founding the Group includes the following:

Name of company	Principal business activity	Position	Period of service
Far East Wager Construction Limited	Construction and civil engineering works	Assistant foreman	September 1995 to May 1998
Eastman Engineering Limited	Construction and civil engineering works	Assistant foreman	June 1998 to October 1999
Hip Hing Construction Company Limited	Construction and civil engineering works	Assistant foreman	October 1999 to February 2000
Hong Kong Housing Authority	An agency of the Government of Hong Kong, main provider of public housing	Contract works supervisor II (civil)	February 2000 to March 2005

Mr. Lam is currently the president of the Association of Enterprises with Foreign Investment (茂名市外商投資企業協會). Mr. Lam has been elected as Director of the Governing Council of the Yuen Long Town Hall Management Committee Limited since April 2018.

Independent non-executive Directors

Mr. NG Man Wai (吳文偉) (“**Mr. Ng**”), aged 39, was appointed as the independent non-executive Director on 20 December 2016. Mr. Ng is serving on the audit committee of the Company. Mr. Ng is responsible for providing independent judgment and advising on the issue of strategy, performance, resources and standard of conduct of the Company. Mr. Ng graduated from the University of Melbourne with a Bachelor of Planning and Design (Architecture) Degree in December 2002. Mr. Ng has over 13 years of experience in the interior design industry. Between 2003 and 2010, Mr. Ng worked in the following companies:

Name of company	Principal business activity	Position	Period of service
S & D Interior Limited	Interior design consultancy	Interior designer	During 2003
CYS Associates (Hong Kong) Limited	Interior design consultancy	Project-based designer	During 2004
WDA Group Limited	Architectural design, interior design consultancy	Architectural assistant	2004 to 2005
Aceway International Limited	Trading services of toys and gifts	Director	2005 to 2010

In 2009, Mr. Ng co-founded 4N Limited, a company engaged in the provision of interior design and architecture services. Mr. Ng has been involved in the interior design projects for various clients such as catering group and property developers. Mr. Ng has been a professional member of Hong Kong Interior Design Association since August 2013 and a committee member of Hong Kong Institute of Architects (ARCASIA/CAA Committee, External Affairs) from January 2012 to December 2015. Mr. Ng also serves as a mentor for Design Incubation Programme run by Hong Kong Design Centre to nurture young Design entrepreneurs since 2018.

Mr. WU Wai Ki (胡惠基) (“**Mr. Wu**”), aged 44, was appointed as the independent non-executive Director on 20 December 2016. Mr. Wu is serving on the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Wu is responsible for providing independent judgment and advising on the issue of strategy, performance, resources and standard of conduct of the Company. Mr. Wu graduated from the Chinese University of Hong Kong with a Bachelor of Social Science Degree in Economics in July 1999. Mr. Wu joined Kwok Tai Screws Manufactory Limited as marketing director in April 2002 and has been its director since 2005. Mr. Wu has also been a director of Republic G Limited since 2010. He had worked as president from January 2006 to December 2006 and national president from January 2013 to December 2013 of Junior Chamber International Hong Kong Limited. Mr. Wu was also a member of the Council on Human Reproductive Technology in Hong Kong from April 2013 to April 2019.

Ms. TSANG Ngo Yin (曾傲嬌) (“**Ms. Tsang**”), aged 45, was appointed as the independent non-executive Director on 20 December 2016. Ms. Tsang is serving on the Audit Committee, the Remuneration Committee and the Nomination Committee. Ms. Tsang is responsible for providing independent judgment and advising on the issue of strategy, performance, resources and standard of conduct of the Company. Ms. Tsang graduated from Simon Fraser University with a Bachelor of Business Administration Degree in September 1999. Ms. Tsang further obtained a Bachelor of Laws Degree from Tsinghua University in the PRC in July 2008, and a Postgraduate Certificate in International Corporate and Financial Law and a Master of Laws Degree from University of Wolverhampton in the United Kingdom in October 2013 and November 2014, respectively. Ms. Tsang was the company secretary of Gold Tat Group International Limited (now known as Zhuoxin International Holdings Limited (Stock Code: 8266) from June 2017 to April 2019. Ms. Tsang has been the director of Good Talent Limited since April 2014. Ms. Tsang’s working experience prior to joining Good Talent Limited includes the following:

Name of company	Principal business activity	Position	Period of service
Pacific C&B Development Corp. (a company in Canada)	Real estate development	Administrative manager and Accountant	January 2000 to November 2000
CCIF CPA Limited (now merged into Crowe (HK) CPA Limited)	Auditing service, bookkeeping and accounting service	Semi-senior auditor	December 2000 to December 2003
PricewaterhouseCoopers Hong Kong	Accountancy firm	Senior associate	December 2003 to August 2005
Hutchison International Limited	Ports services, properties and hotels, retail, infrastructure, energy, telecommunications, finance & investments and others	Officer of group management service	September 2005 to May 2007
Herbalife Asia Pacific (a subsidiary of Herbalife Ltd., which is listed on the New York Exchange (Stock Code: HLF.NYSE))	Nutrition and direct-selling company	Regional internal audit manager	May 2007 to March 2012
		Regional finance manager	April 2012 to February 2014

Ms. Tsang has obtained the Certificate in International Financial Reporting from the Association of Chartered Certified Accountants in March 2013. Ms. Tsang is a member of the American Institute of Certified Public Accountants.

Senior management

Mr. CHEUNG Ka Yan (張嘉欣), aged 41, is the project director and the co-founder of the Group. Mr. Cheung is the spouse of Ms. Wong, chairman and executive Director of the Company. Mr. Cheung is responsible for project planning and contract management. Mr. Cheung is an authorised signatory and a technical director for Ample Construction on the Register of General Building Contractors of the Buildings Department. Mr. Cheung is also a director of all subsidiaries of the Company. Mr. Cheung obtained a Bachelor of Science Degree in Construction Management from the University of Wolverhampton, the United Kingdom in October 2004. Mr. Cheung has around 19 years of experience in the construction industry. Mr. Cheung's working experience prior to founding the Group includes the following:

Name of company	Principal business activity	Position	Period of service
Island District Office of Home Affairs Department	N/A	Temporary works supervisor II	June 1999 to November 1999
Water Supplies Department	N/A	Contract works supervisor (Civil)	November 1999 to March 2000
Hong Kong Housing Authority	N/A	Contract works supervisor II (Civil)	March 2000 to June 2005
Cristalla Designs and Contracting Ltd.	Decoration, repair & maintenance works, interior fitting out/contracting services	Assistant project manager	June 2005 to August 2005
Fuji (China) Decoration & Eng. Co., Ltd.	Interior fitting out/contracting service, interior design consultancy, interior fitting design services	Assistant project manager	August 2005 to June 2006

Ms. CHAN Ka Wai Cari (陳嘉慧) (“Ms. Chan”), aged 33, is the administration & human resources manager of the Group. Ms. Chan is responsible for managing office administration and human resources. Ms. Chan joined the Group in August 2011 and was promoted to the position of project secretary in September 2014. Ms. Chan was further promoted to her current position in July 2017. Ms. Chan obtained a Certificate in Marketing Management in May 2015 and an Advanced Certificate in Administrative and Management Skills in September 2015 from The Hong Kong Management Association. Ms. Chan’s working experience prior to joining the Group includes the following:

Name of company	Principal business activity	Position	Period of service
Shun Tat Express Company	Cross border trucking company	Courier	January 2004 to December 2004
Goldbase Steel Company Limited	Steel processing	Clerk	August 2005 to April 2009
Anken Consulting Limited	Accountancy firm	Administrative assistant	June 2009 to August 2011

Mr. POON Yau Cheung (潘柔翔) (“Mr. Poon”), aged 41, is the senior project manager of the Group. Mr. Poon is responsible for managing fitting-out and renovation projects. Mr. Poon joined the Group in June 2008 and was promoted to position of project manager in May 2012. Mr. Poon was further promoted to his current position in March 2018. Mr. Poon obtained a Bachelor of Science Degree in Engineering – Building Services from West Coast Institute of Management & Technology, Australia in December 2008 and a Bachelor of Science in Building Surveying from the Heriot-Watt University, the United Kingdom in June 2012 both through distance learning. In September 2015, Mr. Poon further obtained a Master of Science in Project Management from the Hong Kong Polytechnic University. Prior to joining the Group, Mr. Poon worked in Sanfield (Management) Ltd as an assistant land surveyor from September 2000 to June 2008.

Mr. KWOK Man Ho (郭文浩) (“Mr. Kwok”), aged 43, is the financial manager of the Group, responsible for managing financial and accounting matters. Mr. Kwok joined the Group in April 2016. Mr. Kwok obtained a Bachelor Degree in Business Administration from American Central University, United States of America in January 2007 and a Master Degree in Business Administration from Rochville University, United States of America in September 2008, both through distance learning. Mr. Kwok also obtained the Certificates of Accounting (3rd Level), Management Accounting (3rd Level) and Cost Accounting (3rd level) awarded by the London Chamber of Commerce and Industry since April 1999, January 2000 and April 2000, respectively. Mr. Kwok has more than 23 years of experience in the accounting field, including the following:

Name of company	Principal business activity	Position	Period of service
Wilson Ho & Co. CPA	Auditing service, bookkeeping and accounting service	Accounting assistant	October 1994 to July 1995
Precieux Garment Factory Ltd.	Manufacturer of suits & jackets, children's wear, denim garments, high fashion wear and babies' wear	Assistant accountant	December 1996 to April 1999
Creative Technology Consultancy	Accounting and software	Accountant	May 1999 to February 2004
Mike & Kremmel Ltd	Exporter of kitchen utensils and household products	Accounting manager	March 2004 to February 2016

Ms. YIM Sau Ping (嚴秀屏) (“Ms. Yim”), aged 36, was appointed as the company secretary of the Group on 8 August 2016. Prior to joining the Group, Ms. Yim worked for Ngai Shun Holdings Limited (Stock Code: 1246, now known as Boill Healthcare Holdings Limited), a company listed on the Main Board of the Stock Exchange, as a company secretary from October 2014 to May 2015, and as a financial controller from October 2014 to August 2015. She also worked for JC Group Holdings Limited (now known as Tonking New Energy Group Holdings Limited) (Stock Code: 8326), a company listed on GEM, as a company secretary from November 2013 to December 2013, and as an accounting manager from April 2012 to December 2013. From October 2015 to May 2018, Ms. Yim worked for Jia Group Holdings Limited (Stock Code: 8519), a company listed on the GEM, as a company secretary. In addition, Ms. Yim was appointed as a company secretary to Tasty Concepts Holding Limited (Stock Code: 8096), a company listed on the GEM. She has been a director of Blooming (HK) Business Limited, a company primarily engaged in corporate advisory and company secretarial services, since October 2015. Ms. Yim is currently the company secretary of seven companies listed on the Stock Exchange. Ms. Yim obtained a Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in December 2007. She has been a member and a fellow member of the Hong Kong Institute of Certified Public Accountants since January 2010 and October 2017 respectively. She has accumulated more than 10 years of experience in accounting, auditing and financial management in international audit firm, financial institution and listed companies.

COMPETING INTERESTS

As at the time of the Listing on GEM and up to the Latest Practicable Date, Ample Disegno and Chengdu Yingxin was not included in the Group in order to streamline the core business focus of the Group.

Chengdu Yingxin was established in the PRC on 29 November 2010 with limited liability and is owned as to 50% by Mr. Cheung and 50% by Mr. Lam, respectively. Up to the Latest Practicable Date, Chengdu Yingxin remains clearly delineated and not competing directly or indirectly with the Group as the business of the Group and Chengdu Yingxin are geographically delineated, and Chengdu Yingxin did not carry on business since 2017.

CONTROLLING SHAREHOLDERS

As at the date of this announcement, each of Mr. Cheung and Mr. Lam is interested in 420,000,000 Shares held through their respective investment holding company, Heavenly White and Summer Unicorn, collectively representing 75% of the entire issued share capital of the Company.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for viewing on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.lksholding.com:

- (a) the Memorandum of Association and the Articles of Association;
- (b) the third quarterly report of the Company for the nine months ended 31 December 2018;
- (c) the interim report of the Company for the six months ended 30 September 2018;
- (d) the Directors' report and the annual report of the Company for the year ended 31 March 2018;
- (e) the circular of the Company dated 26 June 2018 in respect of the general mandates to issue and repurchase Shares, retirement of directors, re-election of Directors, re-appointment of auditors and notice of annual general meeting; and
- (f) a copy of each of the announcements and other corporate communications made by the Company as required under the GEM Listing Rules and the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“A&A”	in respect of the Group’s business, means alteration and addition works to existing buildings, but in its ordinary meaning would also involve the design of new structural works and/or the checking of structural adequacy of the existing construction
“Ample Construction”	Ample Construction Company Limited (盈信建築有限公司) (formerly known as Surplus Construction Company Limited), a company incorporated in Hong Kong with limited liability on 8 July 2002 and an indirect wholly-owned subsidiary of the Company
“Ample Design”	Ample Design Company Limited, a company incorporated in Hong Kong with limited liability on 9 November 2007 and an indirect wholly-owned subsidiary of the Company
“Articles of Association”	the articles of association of the Company as adopted by the Company from time to time
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“Building Authority”	the Building Authority of the Government, which provides services to owners and occupants in both existing and new buildings in the private sector through the enforcement of the Buildings Ordinance
“Buildings Department”	the Buildings Department of the Government
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Chengdu Yingxin”	Chengdu Yingxin Construction Decoration Design Co., Ltd. (成都盈信建築裝飾設計有限公司), a company established in the PRC with limited liability on 29 November 2010 and owned as to 50% and 50% by Mr. Lam and Mr. Cheung, respectively

“Company”	LKS Holding Group Limited (樂嘉思控股集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are currently listed on GEM
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Eligible Issuer”	has the meaning ascribed to it under the Listing Rules
“Frost & Sullivan”	Frost & Sullivan Limited, an independent market research agency
“Frost & Sullivan Report”	the market research report commissioned by the Group and prepared by Frost & Sullivan in relation on the fitting-out, renovation and A&A works industry in Hong Kong
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as may be amended from time to time
“Government”	the Government of Hong Kong
“Group”	the Company and its subsidiaries
“Heavenly White”	Heavenly White Limited, a company incorporated in the BVI with limited liability on 21 December 2015 and wholly-owned by Mr. Cheung
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	22 April 2019, being the latest practicable date for the purpose of ascertaining certain information contained in this announcement
“Listing”	listing of the Shares on GEM on 12 January 2017
“Listing Committee”	the listing sub-committee of the Stock Exchange

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as may be amended from time to time
“Main Board”	the securities market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
“Memorandum of Association”	the memorandum of association of the Company as amended from time to time
“Mr. Cheung”	Mr. Cheung Ka Yan (張嘉欣), a senior management member of the Company and a Controlling Shareholder, the spouse of Ms. Wong
“Mr. Lam”	Mr. Lam Shui Wah (林瑞華), an executive Director, the chief executive officer and a Controlling Shareholder
“Ms. Wong”	Ms. Wong Wan Sze (黃韻詩), an executive Director and the chairman of the Board, the spouse of Mr. Cheung
“Nomination Committee”	the nomination committee of the Board
“PRC” or “China”	the People’s Republic of China (中華人民共和國), except where the context requires otherwise, and for the purpose of this announcement only geographical references to the PRC or China exclude Hong Kong, Macau and Taiwan
“Prospectus”	the prospectus of the Company dated 30 December 2016
“Remuneration Committee”	the remuneration committee of the Board
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as may be amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme adopted by the Company on 23 December 2016

“Summer Unicorn”	Summer Unicorn Limited (夏麟有限公司), a company incorporated in the BVI with limited liability on 22 December 2015 and wholly-owned by Mr. Lam
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer of Listing”	the proposed transfer of listing of the Shares from GEM to the Main Board pursuant to Chapter 9A of the Listing Rules
“%”	per cent
“m ² ”	square metre
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

By order of the Board
LKS Holding Group Limited
Wong Wan Sze
Chairman and Executive Director

Hong Kong, 29 April 2019

As at the date of this announcement, the Board comprises Ms. Wong Wan Sze and Mr. Lam Shui Wah as executive Directors; and Mr. Ng Man Wai, Mr. Wu Wai Ki and Ms. Tsang Ngo Yin as independent non-executive Directors.

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

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the “Latest Information” page for at least 7 days from the date of its posting and will be published on the Company’s website at www.lksholding.com.