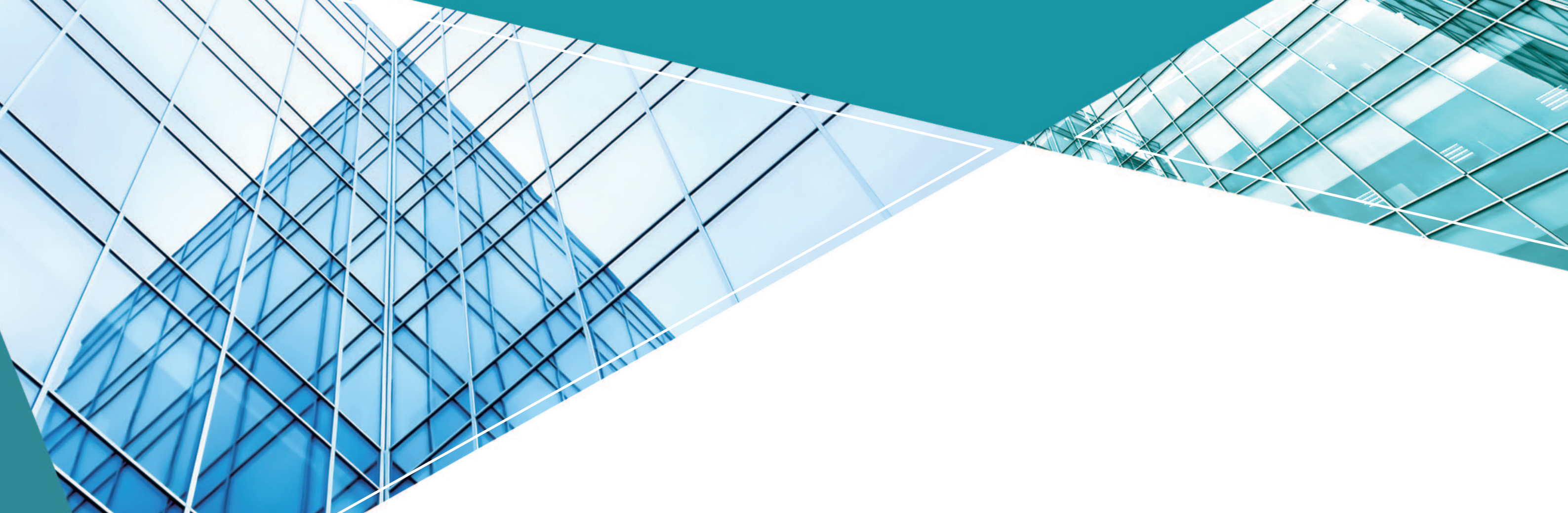

Wang Yang Holdings Limited
泓盈控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1735

ANNUAL REPORT
2018

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-executive Director

Ms. Tsui Kwok Ying *(Chairman)*

Executive Directors

Mr. Ng Chi Bun Benjamin *(Chief executive officer)*
Ms. Ng Chung Yan May

Independent non-executive Directors

Mr. Yau Chung Hang
Mr. Pong Kam Keung
Mr. Lo Ki Chiu

AUDIT COMMITTEE

Mr. Yau Chung Hang *(Chairperson)*
Mr. Pong Kam Keung
Mr. Lo Ki Chiu

REMUNERATION COMMITTEE

Mr. Pong Kam Keung *(Chairperson)*
Mr. Yau Chung Hang
Mr. Ng Chi Bun Benjamin

NOMINATION COMMITTEE

Ms. Tsui Kwok Ying *(Chairperson)*
Mr. Yau Chung Hang
Mr. Lo Ki Chiu

COMPANY SECRETARY

Mr. Poon Tak Wah

AUTHORISED REPRESENTATIVES

Ms. Ng Chung Yan May
Mr. Poon Tak Wah

REGISTERED OFFICE IN THE CAYMAN ISLANDS

PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Offices E & F, 7th Floor
King Palace Plaza
No. 55 King Yip Street
Kwun Tong
Kowloon
Hong Kong

COMPLIANCE ADVISER

Grande Capital Limited
Room 1204B, 12/F, Tower 2
Lippo Centre
89 Queensway, Admiralty
Hong Kong

LEGAL ADVISER

Adrian Yeung & Cheng
Suite 1201-2A, 12th Floor
Golden Centre
188 Des Voeux Road Central
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31st Floor, Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
The Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited

COMPANY WEBSITE

www.wangyang.com.hk

STOCK CODE

1735

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Wang Yang Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), I would like to present to our shareholders the first annual report of the Group for the year ended 31 March 2018 (the " Period") following our listing (the "Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was successfully listed on the Main Board of the Stock Exchange on 29 March 2018 (the "Listing Date"). 66,000,000 Shares were issued under the share offer, raising net proceeds of approximately HK$69.4 million (after deducting Listing expenses). The Listing was an important milestone in our Group's history. The additional capital raised allows us to expand our business. It has also provided our Group an opportunity to strengthen our corporate governance and further promote our Group as a well-organised establishment to the public.

For the Period, the Group recorded revenue of approximately $215.7 million, representing an increase of approximately 17.0% as compared to the corresponding year ended 31 March 2017 (the "Previous Period"). Profit attributable to the owners of the Company for the Period amounted to approximately HK$10.7 million. Earnings per share for the Period were approximately HK$5.4 cents, as compared to the earnings per share of approximately HK$13.61 cents for the Previous Period.

The Listing provided the Group additional capital funding to enhance our capacity by acquiring machinery and equipment. Looking ahead, we are of the view that the construction industry in Hong Kong will remain under intensified competition coupled with tight labor supply and increased costs of labour and raw materials. Notwithstanding these market conditions of the industry, the general outlook for the industry is that growth is to be continually supported by the Hong Kong Government's investment in infrastructure and housing construction projects. I am still confident that our Group can maintain its competitiveness due to its established proven track record in the industry for foundation and superstructure buildings works in Hong Kong as well as our ability to provide engineering designs by our experienced engineers. With the resources from the Listing, we are prepared to capture more future opportunities for maximizing our shareholders' ("Shareholders") value.

Lastly, on behalf of the Board, I would like to express my sincere gratitude to our Shareholders, customers, business associates and subcontractors for your continuous support to us. I would also send my warmest thanks to all our management and staff members for your hard work and dedication prior to and after the Listing.

TSUI Kwok Ying
Chairman

Hong Kong, 29 June 2018

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a contractor in Hong Kong undertaking (i) foundation works which include piling works, excavation and lateral support works, and pile cap construction; (ii) superstructure works which include building works in relation to the parts of the structure above the ground level; and (iii) other construction works such as demolition works, site formation works, ground investigation works, minor works, hoarding works, A&A works and fitting-out works. All revenue for the Period was derived from the contracts of the construction works.

Our shares (the "Shares") were listed on the Main Board of the Stock Exchange on the Listing Date when 66,000,000 ordinary shares (comprising a public offer of 33,000,000 shares and placing of 33,000,000 shares) had been offered for subscription, at an offer price of HK$1.5 per Share.

As at 31 March 2018, we had 18 contracts on hand (including contracts in progress and contracts which are yet to commence) with a total original contract value of approximately HK$724.8 million. As at 31 March 2017, we had 16 contracts on hand with a total original contract value of HK$522.5 million.

The general outlook for the industry is that growth is to be continually supported by the Hong Kong Government's investment in infrastructure and housing construction projects. Though the construction industry will remain under intensified competition coupled with tight labour supply and increased costs of labour and raw materials, the Group is still confident in maintaining our competitiveness and remains positive for the future.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the Period amounted to approximately HK$215.7 million, i.e. about 17.0% more than that of approximately HK$184.4 million for the Previous Period. Such growth was mainly attributable to (i) 13 projects newly awarded and contributed revenue of approximately HK$49.1 million to the Group for the Period; and (ii) a higher amount of recognized revenue from 2 residential development projects in Kowloon Tong for the Period (HK$42.2 million) when compared with the amount of recognized revenue of the same project for the Previous Period (HK$12.1 million), which was due to the actual works progress under the relevant contracts as certified by the customers.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the Period amounted to approximately HK$50.7 million, representing a slight increase of approximately 2.9% as compared to the Previous Period of approximately HK$49.3 million. The slight increase in the gross profit was mainly due to the increase in revenue for the Period as discussed above. The Group's gross profit margin for the Period was approximately 23.5%, showing a slight decrease as compared with approximately 26.7% for the Previous Period. The decrease in gross profit margin was mainly attributable to the increase in the use of the subcontractors in performing the works for the Period. The Directors consider that a profit markup is generally factored in the fees charged by subcontractors, and, as a result, the more substantial use of subcontractors in performing the works led to relatively lower gross profit margins.

Other Income and Net Gains

Other income and net gains mainly comprises interest income from life insurance policies and fair value gain on available-for-sale financial asset (transfer from equity on disposal). During the Period, other income and net gains amounted to approximately HK$138,000 (2017: nil).

Administrative and Other Operating Expenses

The administrative and other operating expenses of the Group has increased from approximately HK$16.8 million for the Previous Period to approximately HK$33.7 million for the Period, representing an increase of approximately 100.6%. Such increase was mainly due to the increase in the recognition of the Listing expenses for the Period (approximately HK$18.9 million) as compared to that in the Previous Period (approximately HK$2.6 million).

Income Tax Expense

Income tax expense increased by approximately 15.0% from approximately HK$5.5 million for the Previous Period to approximately HK$6.4 million for the Period. Despite the decrease in the net profit before tax for the Period, we recorded an increase in income tax expense primarily because of the tax effect of the non-deductible Listing expenses incurred for the Period.

Net Profit

As a result of the aforesaid and in particular the recognition of Listing expenses during the Period and the tax effect of the non-deductible Listing expenses as explained above, our net profit for the year decreased from approximately HK$27.0 million for the Previous Period to approximately HK$10.7 million for the Period, representing a decrease of approximately 60.2%.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity for the Period and capital requirements primarily through capital contributions from shareholders, cash inflow generated from operating activities as well as the proceeds received from Listing on the Listing Date.

As at 31 March 2018, the Group had cash and bank balances of approximately HK$103.1 million (31 March 2017: approximately HK$27.6 million). The increase was mainly due to the net proceeds received from the Listing.

As at 31 March 2018, the share capital and equity attributable to owners of the Company amounted to approximately HK$2.6 million and HK$184.5 million respectively (31 March 2017: approximately HK$11.0 million and HK$74.5 million respectively).

The current ratio increased from approximately 2.6 times as at 31 March 2017 to 5.8 times as at 31 March 2018 mainly due to the increase in cash and bank balances from net proceeds received from the Listing.

Foreign Exchange Risk

The Group mainly operates in Hong Kong. All operating transactions and revenue were settled in Hong Kong dollars and the Group's assets and liabilities are denominated in Hong Kong dollars. With nearly no portion of monetary transactions and assets denominated in foreign currencies, the Group did not engage in any derivatives agreement and did not commit to any financial instrument to hedge its foreign exchange exposure during the Period as well as during the Previous Period.

Gearing ratio

Gearing ratio is calculated by dividing all debts by total equity at the period-end date and expressed as a percentage. Debts are defined to include payables incurred not in the ordinary course of business. The gearing ratio of the Group as at 31 March 2018 is nil (as at 31 March 2017: approximately 1.9%).

Significant investment, Material Acquisitions and Disposal of Subsidiaries and Associates Companies

Apart from the reorganization in relation to the Listing (as set out under the section headed "History and Development" and the paragraph headed "Corporate Reorganisation" in Appendix IV to the Prospectus of the Company dated 19 March 2018 (the "Prospectus")), there was no significant investment held, material acquisitions or disposals of subsidiaries and affiliated companies by the Group during the Period. Save for the business plan as disclosed in the Prospectus, there was no plan for material investments or capital assets as at 31 March 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES

The Group had 43 employees (including full-time and casual employees who are paid on a daily basis) as at 31 March 2018 (31 March 2017: 34). Total staff costs included directors' emoluments for the Period amounted to approximately HK$22.8 million (Previous Period: approximately HK$19.7 million), salaries, wages and other staff benefits, contributions and retirement schemes, provisions for staff long service payment and untaken paid leave. In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offers competitive remuneration package that is based on overall market condition and individual employee experience and performance, as well as the performance of the Group. The remuneration policy and package of the Group's employees are periodically reviewed. Apart from mandatory provident fund and job training programs, salaries increment and discretionary bonuses may be awarded to employment according to the assessment of individual performance and market situation. The emoluments of the Directors and senior management have been and will be reviewed by the remuneration committee of the Company which was established on 13 March 2018, taking into account to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 31 March 2018 (2017: nil).

CONTINGENT LIABILITIES

Our subsidiary, Wise Trend Engineering Limited, is being claimed by a customer in civil proceedings commenced in the District Court in respect of an alleged outstanding sum of HK$354,721 under a payment certificate of a project which it was engaged to carry out foundation works. Please refer to the details of the claim as disclosed in the Prospectus under the section headed "Business — Litigation and potential claims — Ongoing litigation with a customer". As at the date of this annual report, the litigation is still ongoing at the pleadings stage. Taking into the opinion as disclosed in the Prospectus, our Directors maintain the view that the litigation would not have any material adverse impact on the results of operations, financial condition or business prospects of the Group as at the date of this annual report.

Besides, our subsidiaries are involved in a number of claims, lawsuits and potential claims relating to employees' compensation cases and personal injuries claims in the ordinary course of business. The Directors considered that the possibility of any outflow in settling the personal injuries claims was remote as these claims were well covered by insurance. Accordingly, no provision for the contingent liabilities in respect of the personal injuries claims is necessary after due consideration of each case.

Save as disclosed above and in note 31 to the Financial Statements in this annual report, the Group had no other contingent liabilities as at 31 March 2018 (2017: nil).

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS AND USE OF PROCEEDS

As the Listing Date is close to the financial year end date of 31 March 2018, the Company has not yet utilised the proceeds from the Listing as planned as of 31 March 2018 and there has not yet been material business progress as of 31 March 2018 in implementing the business objectives set out in the Prospectus and up to the date of this annual report.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Period (2017: nil).

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical Details of the Directors and Senior Management are set out as follows:

NON-EXECUTIVE DIRECTOR

Ms. Tsui Kwok Ying (徐幗英), aged 78, is a non-executive Director, our Chairman and the chairperson of our nomination committee. Ms. Tsui is one of our Controlling Shareholders of our Company ("Controlling Shareholders") and also a director of Wise Trend Engineering Limited ("Wise Trend Engineering"), Build Wise Limited ("Build Wise"), United Prosperous Limited ("United Prosperous"), Grand Basework Limited ("Grand Basework"), Prosperous Contractors Limited ("Prosperous Contractors"), Steer Vision Limited ("Steer Vision") and Profound Contractors Limited ("Profound Contractors"). Profound Contractors is also one of our Controlling Shareholders. Ms. KY Tsui is primarily responsible for giving strategic advice and guidance on the business and operation of our Group.

Ms. Tsui has accumulated about 15 years of experience in the operation and management of the Group's engineering business in Hong Kong through her directorship in Wise Trend Engineering since August 2002. She is the spouse of Mr. Ng Wong Kwong, a member of the senior management.

Prior to her joining Wise Trend Engineering in August 2002, Ms. Tsui had been a teacher of St. Stephen's Girls' Primary School for 30 years since 1964 to 1994, and her last position was the deputy head mistress of the school which she was promoted to in September 1991. Ms. Tsui has obtained a certificate of registration of teacher in July 1963 and is a registered teacher under the Education Bureau. She also obtained a Diploma of Theology from The Diocese of Hong Kong & Macau in June 1969.

Ms. Tsui is the mother of Mr. Ng Chi Bun Benjamin (who is an executive Director and Chief Executive Officer) and Ms. Ng Chung Yan May (who is an executive Director).

EXECUTIVE DIRECTORS

Mr. Ng Chi Bun Benjamin (吳志斌) ("Mr. Benjamin Ng"), aged 52, is an executive Director, our Chief Executive Officer and a member of our remuneration committee. Mr. Ng is also one of the Controlling Shareholders of our Company. He is primarily responsible for formulating overall business development strategy, project planning, budgeting, contract administration, overseeing execution of the projects and managing quality management system of our Group. Mr. Benjamin Ng is one of the founders of our Group and he was appointed a director of Wise Trend Engineering in September 1996. He is currently a director of Wise Trend Engineering, Wise Trend Construction & Engineering Limited, Build Wise, United Prosperous, Grand Basework, Steer Vision and Profound Contractors. Mr. Benjamin Ng holds a degree of Bachelor of Engineering from Manchester Metropolitan University (formerly known as Manchester Polytechnic) in the United Kingdom and a degree of Master of Science in Facility Management from The Hong Kong Polytechnic University.

Mr. Benjamin Ng had been a shareholder and director of Wise Trend Engineering from September 1996 to June 2000. He rejoined our Group in February 2008 when he was appointed a director of Wise Trend Engineering and Wise Trend Construction & Engineering up to present.

Mr. Benjamin Ng is the son of Ms. Tsui Kwok Ying (a non-executive Director and Chairman of our Board) and Mr. Ng Wong Kwong (a member of our senior management). He is the elder brother of Ms. Ng Chung Yan May who is an executive Director.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Ng Chung Yan May (吳頌恩) ("Ms. May Ng"), aged 51, is our executive Director and one of the Controlling Shareholders of our Company. Ms. May Ng is also a director of Wise Trend Engineering, Wise Trend Construction, Build Wise, United Prosperous, Grand Basework, Steer Vision and Profound Contractors. She is primarily responsible for formulating overall business development strategy, execution of daily management and administration of our business and operations of our Group.

Ms. May Ng obtained a degree of Bachelor of Arts in Industrial Economics from Coventry University (formerly known as Coventry Polytechnic) in the United Kingdom in July 1989. She has become a member of The Association of Chartered Certified Accountants in August 1999 and progressed to fellowship status in August 2004. Ms. May Ng is currently a fellow member of the Association of Chartered Certified Accountants. She is also a member of the Hong Kong Institute of Certified Public Accountants since January 2003 and was accredited as an authorized supervisor to train prospective members of the Institute for the period from March 2013 to June 2019. She is registered under the Education Ordinance (Chapter 279 of the Laws of Hong Kong) as an independent manager of the Incorporated Management Committee of Sheng Kung Hui Lui Ming Choi Secondary School for the period from January 2016 to August 2019.

Ms. May Ng has assumed the role of administration manager of Wise Trend Construction & Engineering Limited since September 2014. Prior to September 2014, she was an assistant vice president of Oversea-Chinese Banking Corporation Limited from May 1995 to May 2005 and a finance manager of Standard Chartered Bank from June 2005 to September 2014.

Ms. May Ng is the daughter of Ms. Tsui Kwok Ying (a non-executive Director and Chairman of our Board) and Mr. Ng Wong Kwong (a member of our senior management). She is the younger sister of Mr. Benjamin Ng who is an executive Director and our Chief Executive Officer.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yau Chung Hang (邱仲珩), aged 45, is an independent non-executive Director appointed by our Company on 13 March 2018. Mr. Yau is also the chairperson of the audit committee and a member of remuneration committee and nomination committee of our Company.

Mr. Yau has over 20 years of experience in finance and accounting. Mr. Yau is currently an independent non-executive director of Shuang Yun Holdings Limited (stock code: 1706) from October 2017, a company listed on the Main Board of The Stock Exchange which engages in roadworks services and construction machinery rental services in Singapore. He was the company secretary of Jiashili Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1285), from March 2014 to November 2017. Mr. Yau has been appointed as an independent non-executive director of ABC Communications (Holdings) Limited (now known as Ban Loong Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code 30), from May 2013 to October 2014. Besides, prior to joining Jiashili Group Limited, Mr. Yau was the chief financial officer and company secretary of Brilliant Circle Holdings International Limited (formerly known as CT Holdings (International) Limited), a company listed on the Main Board of the Stock Exchange (stock code: 1008), from September 2007 to February 2014, and the company secretary, qualified accountant and authorised representative of Ningbo Yidong Electronic Company Limited, a company listed on the GEM of the Stock Exchange (stock code: 8249) (now known as Zhejiang RuiYuan Intelligent Control Technology Company Limited), from May 2005 to March 2006. He was also an assistant accounting manager of Tristate Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 458), from January 2004 to May 2005, a chief financial officer and company secretary of Changchun Da Xing Pharmaceutical Company Limited from January 2002 to February 2004, and a credit manager of Valspar Hai Hong Company Limited from May 2000 to October 2001. He worked as an accountant II in January 1997 with Kwan Wong Tan & Fong which was subsequently merged with Deloitte Touche Tohmatsu, a firm of certified public accountants, and Mr. Yau worked with Deloitte Touche Tohmatsu from August 1997 to May 2000 and his last position was a senior accountant I (note: level I).

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Yau obtained a Higher Diploma in Accountancy from the City University of Hong Kong in November 1995. He also obtained a degree of Bachelor of Arts in Accountancy from the University of Bolton, the United Kingdom in August 2005 through a distance learning program. He has been a fellow member of The Association of Chartered Certified Accountants since December 2006 and a member of Hong Kong Institute of Certified Public Accountants since April 2002.

Prof. Pong Kam Keung (龐錦強), aged 56, is an independent non-executive Director appointed by our Company on 13 March 2018. Prof. Pong is also the chairperson of the remuneration committee and a member of audit committee of our Company.

Prof. Pong is currently an INED of FSM Holdings Limited (stock code: 1721) from June 2018, a company listed on the Main Board of the Stock Exchange which is a sheet metal facilitator with a focus on precision engineering and a precision machine service provider based in Singapore, an independent non-executive director of HKE Holdings Limited (stock code: 1726) from March 2018, a company listed on the Main Board of The Stock Exchange which provides integrated design and building services for hospitals and clinics in Singapore, an independent non-executive director of Shuang Yun Holdings Limited (stock code: 1706) from October 2017, a company listed on the Main Board of the Stock Exchange which engages in roadworks services and construction machinery rental services in Singapore, and a non-executive director of Star Properties Group (Cayman Islands) Limited (stock code: 1560) from June 2016, a company listed on the Main Board of the Stock Exchange in Hong Kong which engages in property development of industrial building for sale and rental in Hong Kong. Prof. Pong was an executive director of Sundart Holdings Limited (stock code: 1568) from December 2015 to February 2018, a company listed on the Main Board of the Stock Exchange which engages in integrated fitting-out works in Hong Kong and Macau. Prof. Pong is also an adjunct professor in the Division of Environment of The Hong Kong University of Science and Technology from December 2013.

Prof. Pong was a member of the Disciplinary Tribunal of The Hong Kong Institute of Chartered Secretaries for 2015. Prof. Pong was the chief prosecution officer of the Environmental Protection Department of the Government from July 2004 to July 2013. He served as advisor to the Hong Kong Architecture Centre from 2011 to 2013. He was also a member of the Appeal Tribunal Panel of the Planning and Lands Branch of the Development Bureau of the Government from February 2007 to November 2012 and a member of the Advisory Committee on Barrier Free Access of the Buildings Department which expired in July 2003.

Prof. Pong obtained a degree of Bachelor of Science in Building Surveying from the Thames Polytechnic, United Kingdom in June 1989, a degree of Master of Science in Property Investment from the City University of London, United Kingdom in December 1993, a degree of Bachelor of Laws through a distance learning program from the University of Wolverhampton, United Kingdom in September 1995, a Postgraduate Certificate in Laws from the University of Hong Kong in June 1997, a degree of Master of Science in Urban Planning from the University of Hong Kong in December 2005 and a degree of Master in Corporate Governance from the Hong Kong Polytechnic University in October 2008. Prof. Pong is an authorised person (list of surveyors) registered with the Building Authority renewed in September 2015.

Prof. Pong is a certified tax adviser of The Taxation Institute of Hong Kong from January 2015. Prof. Pong has been a fellow of the Hong Kong Institute of Construction Managers since August 2016, the Hong Kong Institute of Facility Management since July 2000, the Hong Kong Institute of Surveyors since November 2000, the Chartered Institute of Arbitrators since January 2001, the Royal Institution of Chartered Surveyor since January 2006 and the Hong Kong Institute of Chartered Secretaries since October 2012.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Lo Ki Chiu (盧其釗), aged 33, is an independent non-executive Director appointed by our company on 13 March 2018. Mr. Lo is also a member of audit committee and nomination committee of our Company. Mr. Lo is currently the managing director of Wealth Property Agency Limited, a property agency in Hong Kong which he joined in December 2007 first as an account executive. Mr. Lo was a guest lecturer of The Education University of Hong Kong from January 2017 to June 2017. He was also a part-time instructor and an assistant instructor of the Lingnan Institute of Further Education, Lingnan University from February 2017 to June 2017 and from September 2012 to August 2013, respectively.

Mr. Lo holds a degree of Bachelor of Arts in Physical Education and Recreation Management from the Hong Kong Baptist University in November 2007, as well as a degree of Master of Science in International Banking and Finance and a degree of Master of Philosophy in Economics from the Lingnan University in October 2009 and October 2011, respectively. Mr. Lo is a Ph. D candidate majoring in Physical Education in the Hong Kong Baptist University which was approved in September 2015.

SENIOR MANAGEMENT

Mr. Ng Wong Kwong (吳宏光), aged 81, is the Technical Director of our Group. He is primarily responsible for overseeing technical engineering-related matters of our Group. Mr. Ng Wong Kwong is one of the founders of our Group and he has been appointed a director of Wise Trend Engineering since September 1996. Mr. Ng Wong Kwong has been the Technical Director and an Authorised Signatory of Wise Trend Engineering since Wise Trend Engineering has been registered in the register of the general building contractors and the register of specialist contractors maintained by the Buildings Department.

Mr. Ng Wong Kwong graduated with a Degree of Bachelor of Science in Civil Engineering from Chu Hai University, Taiwan in July 1960. He obtained membership of The American Society of Civil Engineers in May 1976. Mr. Ng Wong Kwong has accumulated over 50 years of experience in practising as an engineer in the construction industry.

Mr. Ng Wong Kwong is the spouse of Ms. Tsui Kwok Ying, our non-executive Director and Chairman of the Board. Mr. Ng Wong Kwong is also the father of Mr. Benjamin Ng (our executive Director and Chief Executive Officer) and the father of Ms. May Ng (our executive Director).

Mr. Poon Tak Wah (潘達華), aged 47, is the financial controller and company secretary of our Group. He is mainly responsible for overseeing the financial operation and overall corporate governance of our Group. Mr. Poon has been appointed a director of Wise Trend Construction & Engineering since May 2014.

Mr. Poon holds a degree of Bachelor of Arts in Accountancy and Finance from the Heriot-Watt University in the United Kingdom and a Postgraduate Diploma in Professional Accounting from the Hong Kong Baptist University. He is currently a certified public accountant of the Hong Kong Institute of Certified Public Accountants and an associate member of The Institute of Chartered Accountants in England and Wales.

Mr. Fung Hing Yip David (馮興業), aged 44, is the technical manager of our Group. Mr. Fung joined our Group in May 2010 and is mainly responsible for overseeing design and construction of our projects. Mr. Fung has been appointed a director of Wise Trend Engineering since February 2016. Mr. Fung holds a Degree of Bachelor of Engineering (Civil) from The University of Warwick in the United Kingdom. Mr. Fung is a member of the Institute of Structural Engineers and is entitled to the designation of Chartered Structural Engineer in November 2000. Mr. Fung is admitted as a Chartered Civil Engineer and a member of The Institution of Civil Engineers in December 2000. He has been a Chartered Engineer since May 2001. In November 2010, Mr. Fung was admitted as a member of The Hong Kong Institution of Engineers and he has been registered in the Engineer Registration Board in the discipline of structural engineering.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Leung Kin Pong Brondson (梁健邦), aged 40, is the senior project manager of our Group. He is mainly responsible for overall design and supervision of our foundation works, managing quality management system and corresponding submission with the Government departments. Mr. Leung holds a Higher Diploma in Civil Engineering from The Hong Kong Polytechnic University and a Degree of Bachelor of Engineering in Civil and Structural Engineering from The Hong Kong Polytechnic University.

DIRECTORS' REPORT

The Board is pleased to present their first report together with the audited consolidated financial statements of the Group for the Period (the "Financial Statements").

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands with limited liability on 29 March 2017. The Company completed the corporate reorganisation (the "Reorganisation") on 8 March 2018 in preparation for the Listing, pursuant to which the Company became the holding company of the companies now comprising our Group. Details of the Reorganisation are set out in the section headed "History and Development — Reorganisation" in the Prospectus. The Shares were listed on the Stock Exchange on 29 March 2018 by way of share offer.

The Company is domiciled in Hong Kong and has a principal place of business at Offices E & F, 7th Floor, King Palace Plaza, No. 55 King Yip Street, Kwun Tong, Kowloon, Hong Kong.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 12 to the Financial Statements. There were no significant changes in the nature of the Group's principal activities during the Period.

BUSINESS REVIEW

The business review and outlook of the Group for the Period are set out in the section headed "Management Discussion and Analysis" on pages 4 to 6 of this annual report.

RESULTS

The results of the Group for the Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 44 of this annual report.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the Period (2017: Nil).

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlement to attend and vote at the AGM to be held on Thursday, 23 August 2018, the register of members of the Company will be closed from Thursday, 16 August 2018 to Thursday, 23 August 2018, both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30p.m. on Wednesday, 15 August 2018.

ANNUAL GENERAL MEETING

The annual general meeting will be held on Thursday, 23 August 2018. A notice convening the meeting will be issued and sent to the shareholders in due course.

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operation, business and prospects may be affected by a number of risks and uncertainties. The followings are the key risk and uncertainties identified by the Group relating to our business:

A significant portion of our revenue was generated from contracts awarded by a limited number of customers and any significant decrease in the number of projects with our major customers may materially and adversely affect our financial condition and operating results

A significant portion of our revenue was derived from a limited number of customers during the Period. There is no assurance that we will continue to obtain contracts from our major customers, and we are unable to secure suitable projects of a comparable size and quantity as replacements from other customers, our financial condition and operating results would be materially and adversely affected. In addition, in the event that our major customers experience any liquidity problem, this may result in delay or default of payments to us, in which case, the business, financial positions and prospects of our Group could be materially and adversely affected.

Our revenue mainly relies on successful tenders of foundation works and superstructure buildings works projects which are not recurrent in nature, and there is no guarantee that our customers will provide us with the new business

During the Period, our revenue was mainly derived from foundation works and superstructure buildings works projects in Hong Kong which were awarded to us on successful tenders. Our future growth and success will depend on our ability to continue to secure tender and contract awards. In addition, our business is contract-based and on a non-recurring basis. We secured our foundations works and superstructure buildings works projects through competitive tender process. We do not have long-term commitment with our customers and our customers are therefore under no obligation to award projects to us. As such, there is no guarantee that we will be able to secure new business from customers. Accordingly, the number and scale of projects and the amount of revenue we are able to derive therefrom may vary significantly from period to period, and it may be difficult to forecast the volume of future business.

The Group makes estimation of our project costs in our tenders and any failure to accurately estimate the costs involved and/or delay in completion of any project may lead to cost overruns or even result in losses

The Group's ability to submit tender proposal at a competitive price with adequate profit margin and maintain our profitability depends on various factors. We determine the tender price by taking into account factors including the scope and complexity of the project, site conditions, project time frame, estimated construction materials costs, labour and machinery requirement and capacity, extent of subcontracted works required, our relationship with customers and prevailing market conditions. In addition, our Group may be subject to liquidated damages due to delay in completing the projects, calculated on the basis of a fixed sum per day or according to certain damages calculating mechanism as stipulated under the contract for the period which the works remain incomplete. Any material inaccurate estimation in the time and costs involved in a project may give rise to delays in completion of works and/or costs overruns, which in turn may materially and adversely affect our Group's financial condition, profitability and liquidity.

DIRECTORS' REPORT

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Period are set out in Note 14 to the Financial Statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries during the Period are set out in Note 12 to the Financial Statements.

SHARE CAPITAL

The Company's total issued share capital as at 31 March 2018 was 264,000,000 ordinary Shares of HK$0.01 per Share.

Details of movements during the Period in the share capital of the Company are set out in Note 22 to the Financial Statements.

RESERVES

Details of movements in the reserves of the Group during the Period are set out in the consolidated statement of changes in equity on page 47 of this annual report.

As at 31 March 2018, the Company has reserves amounted to approximately HK$68.0 million available for distribution (2017: nil).

DIRECTORS

The Directors who held office during the period from the Listing Date and up to 31 March 2018 (the "Review Period") and up to the date of this annual report are:

Non-executive Director
Ms. Tsui Kwok Ying *(Chairman)*

Executive Directors
Mr. Ng Chi Bun Benjamin *(Chief Executive Officer)*
Ms. Ng Chung Yan May

Independent non-executive Directors
Mr. Yau Chung Hang
Mr. Pong Kam Keung
Mr. Lo Ki Chiu

DIRECTORS' SERVICE CONTRACT

Each of the Directors has entered into a contract for appointment with the Company for a term of two years commencing from the Listing Date, unless terminated by not less than one month's notice in writing served by either party on the other.

Save as disclosed above, none of the Directors, including those to be re-elected at the forth coming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

The Company has received from the independent non-executive Directors a confirmation pursuant to Rule 3.13 of the Listing Rule and considers that all the independent non-executive Directors are independent to the Company.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 March 2018, the interest and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code, notified to the Company and the Stock Exchange were as follow:

(i) Long position in the Shares

Name of Director	Capacity/Nature of Interest	Number of Shares held/ interested	Percentage of shareholding
Ms. Tsui Kwok Ying	Interest in controlled corporation/ interest held jointly with other persons *(Note 1)*	198,000,000	75%
Mr. Benjamin Ng	Interest in controlled corporation/ interest held jointly with other persons *(Note 2)*	198,000,000	75%
Ms. May Ng	Interest in controlled corporation/ interest held jointly with other persons *(Note 3)*	198,000,000	75%

Notes:

1. These 198,000,000 Share are held by Profound Contractors Limited. Ms. Tsui Kwok Ying beneficially owns 62.5% of the entire issued share capital of Profound Contractors Limited. Therefore, Ms. Tsui is deemed, or taken to be, interested in all our Shares held by Profound Contractors Limited for the purpose of the SFO. Ms. Tsui is the chairman, a non-executive Director and the chairperson of the Nomination Committee of the Company. Ms. Tsui is also a director of Profound Contractors Limited.

2. These 198,000,000 Share are held by Profound Contractors Limited. Mr. Benjamin Ng beneficially owns 25% of the entire issued share capital of Profound Contractors Limited. Therefore, Mr. Benjamin Ng is deemed, or taken to be, interested in all our Shares held by Profound Contractors Limited for the purpose of the SFO. Mr. Benjamin Ng is an executive Director and the chief executive officer of the Company. Mr. Benjamin Ng is also a director of Profound Contractors Limited.

3. These 198,000,000 Share are held by Profound Contractors Limited. Ms. May Ng beneficially owns 12.5% of the entire issued share capital of Profound Contractors Limited. Therefore, Ms. May Ng is deemed, or taken to be, interested in all our Shares held by Profound Contractors Limited for the purpose of the SFO. Ms. May Ng is an executive Director of the Company. Ms. May Ng is also a director of Profound Contractors Limited.

(ii) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/Nature	Number of shares held	Percentage of shareholding
Ms. Tsui Kwok Ying	Profound Contractors Limited	Beneficial owner *(Note)*	6,250	62.5%
Mr. Benjamin Ng	Profound Contractors Limited	Beneficial owner *(Note)*	2,500	25%
Ms. May Ng	Profound Contractors Limited	Beneficial owner *(Note)*	1,250	12.5%

Note: Ms. Tsui Kwok Ying, Mr. Benjamin Ng and Ms. May Ng beneficially own 62.5%, 25% and 12.5% of the entire issue share capital of Profound Contractors Limited, and they are deemed or taken to be interested in all the shares in Profound Contractors Limited for the purpose of the SFO. Ms. Tsui Kwok Ying, Mr. Benjamin Ng and Ms. May Ng are the directors of Profound Contractors Limited.

Substantial shareholders' interests and short positions in Shares and underlying Shares

As at 31 March 2018, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to the Section 336 of the SFO.

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held/ Interested in	Percentage of shareholding
Profound Contractors Limited *(Note 1)*	Beneficial Interest	198,000,000	75%
Mr. Ng Wong Kwong *(Note 2)*	Spouse Interest	198,000,000	75%
Ms. Tang Shuk Ngar Elli *(Note 3)*	Spouse Interest	198,000,000	75%
Mr. Tsang Wai Kuen *(Note 4)*	Spouse Interest	198,000,000	75%

Notes:

1. In view of the concert party arrangement among Ms. Tsui Kwok Ying, Mr. Benjamin Ng, Ms. May Ng and Profound Contractors Limited, details of which are set out in the section headed "History and Development — Concert Party Deed" in the Prospectus, Ms. Tsui Kwok Ying, Mr. Benjamin Ng and Ms. May Ng, who will, through Profound Contractors Limited, control an aggregate of 198,000,000 Shares, representing 75% of the issued share capital of the Company (taking no account of any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme). Hence, Ms. Tsui Kwok Ying, Mr. Benjamin Ng, Ms. May Ng and Profound Contractors Limited are a group of Controlling Shareholders within the meaning of the Listing Rules.

2. Mr. Ng Wong Kwong is the spouse of Ms. Tsui Kwok Ying. Accordingly, Mr. Ng Wong Kwong is deemed, or taken to be interested in all 198,000,000 Shares in which Ms. Tsui Kwok Ying is interested for the purpose of the SFO.

3. Ms. Tang Shuk Ngar Elli is the spouse of Mr. Benjamin Ng. Accordingly, Ms. Tang Shuk Ngar Elli is deemed, or taken to be interested in all 198,000,000 Shares in which Mr. Benjamin Ng is interested for the purpose of the SFO.

4. Mr. Tsang Wai Kuen is the spouse of Ms. May Ng. Accordingly, Mr. Tsang Wai Kuen is deemed, or taken to be interested in all 198,000,000 Shares in which Ms. May Ng is interested for the purpose of the SFO.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraph headed "Directors and chief executive's interests in securities" above and the paragraph headed "Share Option Scheme" below, at no time during the Review Period were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holdings company, or and any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights by means of the acquisition of Shares in or debentures of the Company of any other body corporate.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

During the Period, there were no connected transactions or continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, annual review, announcement or independent Shareholders' approval requirements under the Listing Rules.

Save as disclosed in the section headed "Continuing Connected Transaction" in the Prospectus and save as disclosed under the "Related Party Transactions" in Note 30 to the Financial Statements, there were no transaction, arrangement or contract of significance, to which the Company, any of its subsidiaries, its parent company, or its parent company's subsidiaries was a party, and in which a Director of any entity connected with a Director had a material interest, whether directly and indirectly, subsisted as at 31 March 2018 or any time during the Period, nor was there any other transaction, arrangement or contract of significance in relation to the Group's business between the Company or any of the Company's subsidiaries and a controlling shareholder or any of its subsidiaries.

PERMITTED INDEMNITY PROVISIONS

Pursuant to articles of association of the Company, every Directors shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Company has maintained appropriate directors' and officers' liability insurance and such permitted indemnity provision for the benefit of the Directors currently in force.

MAJOR SUPPLIERS AND CUSTOMERS

For the Period, the aggregate purchase attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for approximately 15.5% and 44.8% (2017: approximately 16.4% and 54.9%) respectively of the Group's total purchases for the Period. Revenue attributable to the Group's largest customers and the five largest customers in aggregate accounted for approximately 20.4% and 64.5% (2017: approximately 21.6% and 68.9%) respectively of the Group's total revenue for the Period.

To the best of the Directors' knowledge, none of the Directors, their associates or any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the number of issued shares capital of the Company) had an interest in the Group's five largest suppliers or customers.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

Employees

The Group recognizes employees as its valuable assets. The Group provides competitive remuneration package to attract, motivate and retain appropriate and suitable personnel to serve the Group. The Group has also adopted an annual review system to assess the performance of its staff, which forms the basis of the Group's decisions with respect to salary raises and promotions.

Customers

A majority of the Group's five largest customers have long-standing business relationship with the Group for a period ranging from approximately 1 to 10 years and the Group will therefore endeavor to accommodate their demand for the Group's services to the extent its resources allow in order to capture more opportunities for larger scale projects in the future. The Group's experience as a quality contractor in handling foundation works and superstructure building works also give business advantage to the Group's customers to ensure projects are executive in accordance with their quality standard.

Suppliers and subcontractors

The Group encompasses working relationships with suppliers and subcontractors to meet the Group's customers' needs in an effective and efficient manner. The Group has set up an approved list of suppliers and it selects the suppliers from the list based on the quality of materials, timeliness of delivery, previous experience and length of partnership with the suppliers, competitiveness of the price offered and reputation of the suppliers.

Subject to the Group's capacity, resources level, types of construction works, costs effectiveness and complexity of the projects, the Group may subcontract certain works to other subcontractors. The Group maintains an internal list of approved subcontractors and carefully evaluate the performance of its subcontractors and selects them based on the experience, quality of works, timeliness of completion for past projects, reputation in the industry, past performances, costs and the Group's relationship with them.

ENVIRONMENTAL POLICIES

The Group's operations at work sites are subject to certain environmental requirements pursuant to the laws of Hong Kong. The laws and regulations which have a significant impact on the Group include, among others, Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Chapter 311Z of the Laws of Hong Kong), Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), Waste Disposal (Charges for Disposal of Construction Waste) Regulation.

In order to comply with the applicable environmental protection laws, we had implemented an environmental management system which was certified to be in compliance with the standard required under ISO 14001 since November 2010. Apart from following the environmental protection policies formulated and required by our customers, we have also established our environmental management policy to ensure proper management of environmental protection and compliance of environmental laws and regulations by both our employees and workers of the subcontractors on, among others, air pollution, noise control and waste disposal. During the Period, we did not incur any material costs on environmental compliance.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that was publicly available and with the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed minimum public float under the Listing Rules since the Listing Date to up to the date of this annual report.

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

Save that the Shares have been listed on the Main Board of the Stock Exchange since the Listing Date, no purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries from the Listing Date to up to the date of this annual report.

DIRECTORS' REPORT

NON-COMPETITION UNDERTAKING

In order to avoid any possible competition between our Group and our Controlling Shareholders, namely each of Ms. Tsui Kwok Ying, Mr. Benjamin Ng, Ms. May Ng and Profound Contractors Limited, entered into a deed of non-competition with our Company (for itself and as trustee for subsidiaries of our Group) on 13 March 2018. Pursuant to the deed of non-competition, each of our Controlling Shareholders has irrevocably and unconditionally undertaken to our Company (for itself and as trustee for its subsidiaries) that, as long as the deed on non-competition remains effective, he/she/it shall not, and shall procure his/her or its close associates (other than any member of our Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether on its own account or with each other or in conjunction with or on behalf of any person or company or otherwise, the development, participation, management and operation of any existing business which in competition with or likely to be in competition, whether directly or directly, with the existing business activity of any member of our Group or such other business activity our Group may engage from time to time in future.

The Controlling Shareholders have confirmed to the Company of their compliance with the deed of non-competition dated 13 March 2018 for disclosure in this annual report from 13 March 2018 to up to the date of this annual report.

All the independent non-executive Directors are delegated with the authority to review the deed of non-competition given by the controlling shareholders. The independent non-executive Directors have reviewed the status of the compliance by each of the Controlling Shareholders with the undertakings in the deed of non-competition and evaluated the effectiveness of the implementation of the deed of non-competition. They were satisfied that, as far as they can ascertain, there is no breach by any of the Controlling Shareholders of the undertakings in the deed of non-competition given by them and there have not been any changes in the terms of the deed of non-competition from 13 March 2018 to up to the date of this annual report.

As of the date of this annual report, the Company confirms that each of the Controlling Shareholders has complied with the deed of non-competition from 13 March 2018 to up to the date of this annual report and is not aware of any other matters regarding the compliance of the undertakings in the deed of non-competition.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Controlling Shareholders, Directors or their respective close associates is or was interested in any business apart from the Group's business that competes or competed or is or was likely to compete, either directly or indirectly, within the Group's business at any time since the Listing Date and up to the date of this annual report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Apart from the Reorganization in relation to the Listing, during the Period, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the sole shareholder of the Company on 13 March 2018, the Company adopted a share option scheme (the "Share Option Scheme") with effect from 13 March 2018. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules and are summarized in the Prospectus. The main purpose of the Share Option Scheme is to motivate employees to optimize their performance efficiency for the benefit of the Company, to attract and retain high quality staff, to provide additional incentive to employees (full time or part time), directors, consultants or advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote success of the business of the Group.

The total number of Shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point in time, without prior approval from the Shareholders. The number of Shares issued and to be issued in respect of which option granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the Shareholders. Options granted to substantial shareholders or independent non-executive Directors or any of their respective close associates (including a discretionary trust whose discretionary objects include substantial shareholders, independent non-executive Directors, or any of their respective close associates) in any 12-month period in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Shareholders.

Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK$1 per option. Options may be exercised at any time during a period as the Directors may determine which shall not exceed ten years from the date of grant. The exercise price is determined by the Directors, and will be at least the higher of (i) the closing price of the Shares on the date of grant; (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares.

The Share Option Scheme will remain in force for a period of ten years commencing on the date of the adoption (i.e. 13 March 2018) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless otherwise terminated earlier by the Shareholders in general meeting.

No share options had been granted under the Share Option Scheme since the adoption of the Scheme. During the period between 13 March 2018 and the date of annual report, no share option has been granted, exercised, cancelled or lapsed. As at the date of this annual report, the total number of shares available for issue under the Share Option Scheme was 26,400,000, representing 10% of the entire issued share capital of the Company. Details of the Share Option Scheme are set out in note 23 to the Financial Statement.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to the Share Option Scheme, no equity-linked agreements were entered into for the Period.

FINANCE LEASE LIABILITIES

Details of finance lease liabilities of the Group as at 31 March 2018 are set out in note 24 to the Financial Statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the memorandum and articles of association of the Company and there was no restriction against such rights under the laws of Cayman Islands, which would oblige the Company to offer new Share on a pro-rata basis to the existing Shareholders.

REMUNERATIONS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and the five highest paid individuals are set out in the note 8 to the Financial Statements.

The emoluments of the Directors and senior management of the Group are determined by the Remuneration Committee of the Company with reference to their relevant qualifications, experience, competence and the prevailing market conditions. None of the Directors waived or agreed to waive any emoluments during the Period.

DIRECTORS' REPORT

EMOLUMENT POLICY

Remuneration Committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

The Company has adopted share option schemes as incentive to eligible employees, details of the schemes are set out in the paragraph headed "Share Option Scheme" above.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate practices. Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" on pages 22 to 32 of this annual report.

AUDIT COMMITTEE

The Audit Committee had reviewed, together with the management and external auditor, the accounting principles and policies adopted by the Group and the audited Financial Statements for the Period.

AUDITORS

HLB Hodgson Impey Cheng Limited has acted as the auditors of the Group for the Period. The Financial Statements have been audited by HLB Hodgson Impey Cheng Limited, who shall retire in the forthcoming AGM and, being eligible, will offer itself for re-appointment. A resolution for their re-appointment as auditors for the coming year will be proposed at the forthcoming AGM. There is no change in auditors since the Listing Date.

By order of the Board

TSUI Kwok Ying
Chairman and Non-Executive Director

Hong Kong, 29 June 2018

CORPORATE GOVERNANCE REPORT

The Board is committed to high standard of corporate governance with a view to safeguarding the interests of the Shareholders and achieving accountability as the Group recognises the importance of maximising shareholders' value through effective corporate governance procedures.

CORPORATE GOVERNANCE CODE

The Company has applied the principles of and complied with the applicable code provisions (the "Code Provisions") as set out under the Corporate Governance (the "CG Code") contained in Appendix 14 to the Listing Rules. The Directors will periodically review on the Company's corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the Code Provisions from time to time. During the period from the Listing Date up to the date of this annual report, the Company has complied with all the applicable code provisions of the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in Appendix 10 to the Listing Rules as a code of conduct of the Company for Directors' securities transactions. In response to specific enquires by the Company, all Directors have confirmed that they have fully complied with the requirements set out in the Model code during the period from the Listing Date to up to the date of this annual report.

The senior management and staff have been individually notified and advised about the Model Code by the Company.

CORPORATE GOVERNANCE FUNCTIONS

It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

The duties of the Board in performing its corporate governance functions under the CG Code include:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations;

2. to review and monitor the training and continuous professional development of Directors and senior management of the Company;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors of the Company; and

5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Board is responsible for performing the corporate governance functions set out in code provision D.3.1 of the CG Code. As at the date of this annual report, the Board has reviewed and monitored (a) the Company's corporate governance policies and practices; (b) training and continuous professional development of Directors; (c) the Company's policies and practices on compliance with legal and regulatory requirements; (d) the Company's code of conduct and (e) the Company's compliance with the CG Code disclosure requirements.

The Company has arranged appropriate insurance coverage on the liabilities of the Directors in respect of any legal actions taken against the Directors arising out of corporate activities. The insurance coverage will be reviewed on annual basis.

Directors' Training and Professional Development

Every newly appointed Director shall receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of directors' responsibilities and obligations under the Listing Rules and the relevant statutory requirements.

In compliance with Code Provision A.6.5 of the CG Code, the Company has allocated and provided funding to all Directors to participate in continuous professional development organized in the form of seminars and in house training and/or to provide relevant reading materials on the latest development of applicable laws, the Listing Rules and corporate governance practices. The Company will also update the Directors of any material changes in the Listing Rules and corporate governance practices from time to time.

During the Period, the Company organized Directors' training session (which was attended by all the Directors) delivered by legal professional as well as provided materials for all Directors. The training attended by the Directors during the Period is summarised as follows:

Name of Director	Reading materials regarding regulatory update and corporate governance matters	Attending in-house training relevant to the Company's business, Listing Rules compliance and risk management
Executive Directors		
Mr. Ng Chi Bun Benjamin *(Chief Executive Officer)*	✓	✓
Ms. Ng Chung Yan May	✓	✓
Non-executive Director		
Ms. Tsui Kwok Ying *(Chairman)*	✓	✓
Independent non-executive Directors		
Mr. Yau Chung Hang	✓	✓
Mr. Pong Kam Keung	✓	✓
Mr. Lo Ki Chiu	✓	✓

THE BOARD

Role and function

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operations of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees, including the audit committee (the "Audit Committee"), the nomination committee (the "Nomination Committee") and the remuneration committee (the "Remuneration Committee") (together, the "Board Committees"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of references. Further details of the Board Committees are set out in the sections headed "Audit Committee", "Nomination Committee" and "Remuneration Committee" below.

Composition

As at the date of this annual report, the Board is chaired by Ms. Tsui Kwok Ying and currently comprises six members, comprising two executive Directors, one non-executive Director and three independent non-executive Directors. The list of Directors is set out in the section headed "Directors' Report" on page 14 of this annual report.

There is a balance of skills and experience for the Board, which is appropriate for the requirements of the business of the Company. Biographical details of the Directors are set out in the section headed "Biographies of the Directors and Senior Management" on pages 7 to 11 of this annual report. Save for (i) Ms. Tsui Kwok Ying is the mother of Mr. Benjamin Ng and Ms. May Ng; (ii) Ms. Tsui Kwok Ying is the spouse of Mr. Ng Wong Kwong, a member of our senior management; (iii) Mr. Benjamin Ng and Ms. May Ng are the son and daughter of Ms. Tsui Kwok Ying and Mr. Ng Wong Kwong, the Directors have no financial, business, family or other material or relevant relationship with each other.

Board Diversity Policy

The Board has adopted a board diversity policy ("the Board Diversity Policy") since the Listing Date, with a view to achieve a sustainable and balanced development of the Group. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, culture and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The diversity policy is reviewed annually by the nomination committee of the Company to ensure effectiveness and revisions will be made with the approval from the Board when considered appropriate.

Chairman and Chief Executive Officer

In order to ensure a balance of power and authority, the position of the chairman and chief executive officer of the Company are held by different individuals. Ms. Tsui Kwok Ying is the chairman and Mr. Benjamin Ng is the chief executive officer. The primary role of the chairman is to provide strategic advice and guidance on the business and operation of the Group. The chief executive officer is responsible for the overall business development, project planning, budgeting, contract administration, overseeing execution of projects and managing quality management system of the Group. The chairman of the Board ensures that all Directors are properly briefed on issues arising at the Board meetings and receive adequate, complete and reliable information in a timely manner.

Independent Non-executive Directors

Since the Listing Date and up to the date of this report, the Company has three independent non-executive Directors representing more than one-third of the Board, which is in compliance with the rules 3.10(1) and 3.10(2) for the Listing Rules. All of the three independent non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise. No less than one third of the Directors are subject to retirement by rotation at each annual general meeting in accordance with the amended and restated memorandum and articles of association of the Company (the "Restated Articles").

The independent non-executive Directors are considered by the Board to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgments. The Board considered that each of the independent non-executive Directors brings his own relevant expertise to the Board and its deliberations. None of the independent non-executive Directors has any business or financial interests with the Group nor has any relationship with other Directors.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

Appointment, Re-election and Removal of Directors

The Company has established the Nomination Committee on 13 March 2018. The Nomination Committee has from time to time identified individuals suitably qualified to become Board members and make recommendations to the Board. The main consideration in selecting candidates for directorships is whether their characters, qualifications and experiences are appropriate for the businesses of the Group.

Each of the executive, non-executive and independent non-executive Directors has entered into a contract for appointment with the Company for a term of two years from the Listing Date and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Restated Articles.

According to the Restated Articles, any Director so appointed by the Board shall hold office, in the case of filling a casual vacancy, only until the next following general meeting of the Company or, in the case of an addition to their number, until the next following annual general meeting of the Company who shall then be eligible for re-election at such general meeting. Every Director is appointed for a specific term and is subject to retirement by rotation at least once every three years.

In accordance with article 108(a) of the Restated Articles of the Company, at each annual general meeting, at least one third of the Directors for the time being, or, if the number is not three or a multiple of three, then the number nearest to but not less than one third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Board Meetings

The Board meets regularly to discuss and formulate the overall strategy as well as operation and financial performance of the Group. The company secretary of the Company (the "Company Secretary") assists the chairman in drawing the agenda of each meeting and each Director may request inclusion of matters in the agenda. All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures are complied with and all applicable rules and regulations are followed.

Pursuant to Code Provision A.1.1 of the CG Code, the Board should meet regularly and regular board meetings should be held at least four times per year. Additional meetings would be arranged if and when required. Directors may participate either in person or through electronic means of communications. During the period from the Listing Date to the date of this annual report, the Board held one Board meeting and no general meeting were held. The attendance record of each member of the Board of the Board meeting is set our below:

Name of Director	Meetings attended/ number of general meetings attended	Meetings attended/ number of Board meetings
Executive Directors		
Mr. Ng Chi Bun Benjamin *(Chief Executive Officer)*	–	1/1
Ms. Ng Chung Yan May	–	1/1
Non-executive Director		
Ms. Tsui Kwok Ying *(Chairman)*	–	1/1
Independent non-executive Directors		
Mr. Yau Chung Hang	–	1/1
Mr. Pong Kam Keung	–	1/1
Mr. Lo Ki Chiu	–	1/1

Access to information

The Directors may seek independent professional advice in appropriate circumstances, at the Company's expenses. The Company will, upon request, provide separate independent professional advice to Directors to assist the relevant Directors to discharge their duties to the Company.

The Board is supplied with relevant information by the senior management pertaining to matters to be brought before the Board for decision as well as reports relating to operational and financial performance of the Group before each Board meeting. Where any Directors requires more information than is volunteered by the management, each Director has the right to separately and independent access to the Company's senior management to make further enquiries if necessary.

BOARD COMMITTEES

In accordance with the Restated Articles and the Listing Rules, the Board has established Board Committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee, for overseeing particular aspects of the Company's affairs. All Board Committees are established with defined terms of reference relating to their respective authorities and duties, which have been approved by the Board and are reviewed periodically. The terms of reference of the Board Committees are posted on the websites of the Company and the Stock Exchange, and are available to Shareholders upon request.

Audit Committee

The Company established the Audit Committee on 13 March 2018 in accordance with Rule 3.21 of the Listing Rules with the written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules.

The Audit Committee consists of three independent non-executive Directors, namely Mr. Yau Chung Hang, Mr. Pong Kam Keung and Mr. Lo Ki Chiu. Mr. Yau Chung Hang currently serves as the Chairperson of the Audit Committee.

The primary responsibilities of the Audit Committee include: (i) to make recommendations to our Board on the appointment, reappointment and removal of external auditors; (ii) to review and monitor the external auditors' independence and objectivity; (iii) to review the effectiveness of the Company's internal audit activities, internal controls and risk management systems, (iv) to develop and implement policy on engaging external auditor to supply non-audit services, and to review and monitor the extent of the non-audit works undertaken by external auditors; and (v) to monitor the integrity of the financial statements and the annual report and accounts and half-year report and to review significant financial reporting judgments contained in them.

The Audit Committee has explicit authority to investigate any activity within its terms of reference and the authority to obtain outside legal or other independent professional advice if it considers necessary. It is given access to and assistance from the employees and reasonable resources to discharge its duties properly.

During the Review Period, the Audit Committee has not held any meetings. Subsequent to the Review Period and up to the date of this annual report, the Audit Committee has held one meeting to review the annual financial results of the Group for submission to the Board for approval, review the internal control and risk management systems of the Group, oversee the audit process and make recommendation on the re-appointment of the external auditors. During the Review Period and up to the date of this annual report, there had been no disagreement between the Board and the Audit Committee.

The attendance record of each member of the Audit Committee from the Listing Date to the date of this annual report is set our below:

Audit Committee	Meeting attended/ Eligible to attend
Mr. Yau Chung Hang *(Chairperson)*	1/1
Mr. Pong Kam Keung	1/1
Mr. Lo Ki Chiu	1/1

Nomination Committee

The Company established the Nomination Committee on 13 March 2018 with written terms of reference in compliance with the CG code. The Nomination Committee consists of three members, namely Ms. Tsui Kwok Ying, Mr. Yau Chung Hang and Mr. Lo Ki Chiu. Ms. Tsui Kwok Ying currently serves as the Chairperson of the Nomination Committee.

The primary responsibilities of the Nomination Committee include: (i) to review the structure, size, composition and diversity of our Board on a regular basis; (ii) to identify individual suitably qualified to become Board members; (iii) to assess the independence of independent non-executive Directors; (iv) to make recommendations to our Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for directors; and (v) to make recommendations to our Board regarding candidates to fill vacancies on our Board and/or senior management.

No meeting of Nomination Committee was held during the Review Period. However, subsequent to the Review Period and up to the date of this annual report, one meeting of the Nomination Committee was held to review the structure, size and composition (including the skill, knowledge and experience) of the Board, the board diversity policy, assess the independence of the independent non-executive Directors and make recommendations to the Board on the proposal of re-appointment of Directors at the forthcoming AGM.

The attendance record of each member of the Nomination Committee from the Listing Date to the date of this annual report is set our below:

Nomination Committee	Meeting attended/ Eligible to attend
Ms. Tsui Kwok Ying *(Chairperson)*	1/1
Mr. Yau Chung Hang	1/1
Mr. Lo Ki Chiu	1/1

Remuneration Committee

The Company established the Remuneration Committee on 13 March 2018 in compliance with Rule 3.25 of the Listing Rules with written terms of reference in compliance with the CG Code. The Remuneration Committee consists of three members, namely Mr. Pong Kam Keung, Mr. Yau Chung Hang and Mr. Benjamin Ng. Mr. Pong Kam Keung currently serves as the Chairperson of the Remuneration Committee.

The primary duties of the Remuneration Committee include: (i) to review and make recommendations to our Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; (ii) to make recommendation to the Board on the remuneration of independent non-executive Directors; (iii) to review and make recommendations to our Board on other remuneration-related matters, including benefits-in-kinds and their compensation payable to our Directors and senior management; (iv) to review performance based remunerations and to establish a formal and transparent procedure for developing policy in relation to remuneration; and (v) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries.

The remuneration of the Directors and senior management is determined with reference to the responsibilities, workload, the time devoted and the performance of the Group. The Remuneration Committee also ensures that no individual will be involved in determining his/her own remuneration.

During the Period, the remuneration of senior management is listed as below by band:

Band of remuneration (HK$)	No. of person
Nil–HK$1,000,000	3
HK$2,500,001–HK$3,000,000	1

Further details of the remuneration of the Directors and the 5 highest paid employees is set out in note 8 to the Financial Statements.

No meeting of Remuneration Committee was held during the Review Period. Subsequent to the Review Period and up to the date of this annual report, the Remuneration Committee held one meeting for reviewing the performance and remuneration packages of individual Directors and senior management.

The attendance record of each member of the Remuneration Committee from the Listing Date to the date of this annual report is set out below:

Remuneration Committee	Meeting attended/ Eligible to attend
Mr. Pong Kam Keung *(Chairperson)*	1/1
Mr. Yau Chung Hang	1/1
Mr. Ng Chi Bun Benjamin	1/1

AUDITORS' REMUNERATION

The Audit Committee of our Company is responsible for considering the appointment and re-election of our Company's external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect to our Company.

For the Period, the remunerations paid/payable to the external auditors, HLB Hodgson Impey Cheng Limited in respect of its audit services and non-audit services for acting as the reporting accountant of the Company in relation to the Listing were approximately HK$770,000 and HK$2,250,000 respectively.

COMPANY SECRETARY

The Company has appointed Mr. Poon Tak Wah as the company secretary. Mr. Poon has confirmed that for the Period, he has taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules. The biography of Mr. Poon is set out in the section headed "Biographies of the Directors and Senior Management" in this annual report.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge and understand their responsibility for preparing the Financial Statements of the Group and to ensure the Financial Statements are prepared in a manner which give a true and fair view of the state of affairs of the Group as a going concern and are in compliance with the relevant accounting standards and principals, applicable laws and disclosure provisions required of the Listing Rules. In presenting the Financial Statements, announcements and other financial disclosures required under the Listing Rules, our Directors aim to present a balanced, clear and understandable assessment of the position and prospects of the Group. Our Directors are of the view that the financial statements of the Group for the Period has been prepared on this basis. Our Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditors of the Group regarding their reporting responsibilities on the Financial Statements of the Group is set out in the section headed "Independent Auditors' Report" on pages 42 to 43 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the Company's risk management and internal control systems, and for reviewing its effectiveness. The Board oversees the Group's overall risk management and internal control systems on an ongoing basis. At the same time, the Group endeavors to identify risks, control impact of the identified risk and facilitate implementation of coordinated mitigating measures. The risk management and internal control systems which are compatible with the Committee of Sponsoring Organisations of Treadway Commission (COSO) — Integrated Framework 2013 principles. They are designed to manage rather than eliminate the risk of failures in order to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has established a risk management policy which sets out the process of identification, evaluation and management of the principal risk affecting the business. Each division is responsible for identifying and assessing principal risks within its divisions and establishing mitigation plans to manage the risks identified. The senior management is responsible for overseeing the Group's risk management and internal control activities, attending meetings with each division to ensure principal risk are properly managed, and new or changing risks are identified and documented. The Board is responsible for reviewing and approving the effectiveness and adequacy of the Group's risk management and internal controls systems.

The Group does not have an internal audit department. The Group has conducted an annual review on whether there is a need for such an internal audit department is required. Given the Group's relatively simple corporate and operation structure, as opposed to diverting resources to establish a separate internal audit department, the Board, as supported by the Audit Committee, is directly responsible for risk management and internal control systems of the Group and for reviewing its effectiveness. The Board has put in place adequate measures to perform the internal audit function at different aspects of the Group. The Group has engaged an external consultant, CT Partners Consultants Limited, for internal control to conduct review on the internal control system of our Group during the Period. The review covers the effectiveness and efficiency of the Group's risk management and internal control systems in relation to the financial, operational and compliance controls, and the results were summarised and discussed with the Audit Committee and the Board. The Audit Committee and the Board are satisfied with the effectiveness and adequacy of the risk management and internal control systems of the Group.

INSIDE INFORMATION POLICY

The Group has adopted a policy on disclosure of insider information with the aim to ensure the insiders are abiding by the confidentiality requirement and are fulfilling the disclosure obligation of the inside information.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders and potential investors is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company has adopted the shareholders' communication policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company (including the financial performance, strategic goals and plans, material development, governance and risk profile). The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable shareholders and potential investors to make the informed investment decisions.

To promote effective communication, the Company maintains the website of www.wangyang.com.hk, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Latest information of the Group including annual and interim reports, announcements and other corporate communications which will be sent to Shareholders and/or published are updated on the websites of the Stock Exchange (www.hkexnew.hk) and the Company's website in a timely fashion.

The forthcoming AGM of the Company will be held on Thursday, 23 August 2018. The notice of the AGM, setting out details of each proposed resolutions, voting procedures and other relevant information, will be sent to shareholders at least 21 days before the AGM.

SHAREHOLDERS RIGHTS

Procedures for Convening General Meeting by Shareholders

The general meeting of our Company provides an opportunity for communication between the Shareholders and the Board. At any general meeting, a resolution put to the vote of the meeting shall be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution be voted by a show of hands, in accordance with Article 72 of the Restated Articles of the Company. The chairman will explain such rights and procedures during the AGM before voting on the resolutions.

Pursuant to Article 64 of the Restated Articles, Shareholders can make a requisition to convene an extraordinary general meeting ("EGM"). The procedure of the Shareholders to convene an EGM are as follows:

1. any one or more shareholders (the "Requisitionist") holding, at the date of deposit of requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written requisition to the Board or the company secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition.

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

Procedure for Putting Forward Proposals at Shareholders' Meeting

Shareholders are requested to follow Article 64 of the Restated Articles for including a resolution at an EGM. The requirements and procedures are set out above in the paragraph headed "Procedures for convening general meetings by Shareholders".

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of our Group at shareholders' meeting. Proposals shall be sent to the Board or the company secretary by written requisition of his/her proposal (the "Proposal") together with his/her detailed contact information to the Company Secretary at the Company's principal place of business in Hong Kong as set out in the section headed "Corporation information" of this annual report in the manner set out above.

The request will be verified with our Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the Proposal in the agenda for the general meeting.

The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

— at least 21 days' notice in writing if the Proposal requires approval by way of a special resolution of the Company in an EGM or resolution of the Company in an AGM.

— at least 14 days' notice in writing if the Proposal requires approval in any other EGM.

Procedures by which enquiries may be put to the Board

For matters in relation to the Board, shareholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary by mail to the principal place of business of the Company in Hong Kong set out in the section headed "Corporation information" of this annual report or by fax to (852) 2542-4980.

For share registration related matters, such as share transfers and registrations, change of name or address, loss of share certificates or dividends warrants, the registered Shareholder can contact:

Branch Share Registrar and Transfer Office in Hong Kong
Boardroom Share Registrars (HK) Limited
2103B, 21st Floor
148 Electric Road
North Point
Hong Kong
Tel: (852) 2153-1688
Fax: (852) 3020-5058

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

On 13 March 2018, the Company adopted the Restated Articles of the Company for the purpose of the Listing, a copy of which has been posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.wangyang.com.hk). Save for the adoption of the Restated Articles for the purpose of Listing, there had been no significant changes in the constitutional documents of the Company during the Review Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

With over 20 years of experience of providing foundation works and superstructure building works services in Hong Kong, the Company has become more competitive in the market of the construction industry. The Group is registered as a general building contractor and also a specialist contractor in the categories of foundation works, site formation works and demolition works with the Buildings Department. Our services include undertaking (i) foundation works which include piling works, ELS works and pile cap construction; (ii) superstructure building works which include building works in relation to the parts of the structure above the ground level; and (iii) other construction works such as demolition works, site formation works, ground investigation works, minor works, hoarding works, A&A works and fitting-out works.

This report is prepared with reference to the "Environmental, Social and Governance ("the ESG") Reporting Guide" under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("SEHK").

In our operational construction segment, there is no doubt that environmental damages are unavoidable. However, the Group has made its best effort in minimising the risks and impacts caused to the public and the environment. The Group commits to integrating corporate social and environmental commitments into various aspects of our business. For achieving sustainable development, the Group also promotes environmental protection, makes positive contribution and creates long-term value to the communities. During the Period, the Group is committed to improving standard of corporate social responsibility and strictly complied with the requirements of relevant laws and regulations on ESG reporting. The information in the report reflects our progress and performance on ESG issues for the Period.

I. ENVIRONMENTAL

I.1 Emissions

Greenhouse gas emissions have a serious effect on climate change and global warming. In response to environmental protection initiatives around the world, we have established policies and reduction measures to minimise greenhouse gas emissions and non-hazardous waste generation.

Due to our business nature, we certainly generate multiple sources of emission in our business operations. Hence, the Group has implemented measures to minimise any adverse impact on the environment resulting from our business activities. The Group has also strictly complied with the relevant laws and regulations of emissions of air pollutants, noxious odour as well as discharges into water and land, and generation of non-hazardous waste from our construction activities, such as the Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong), Waste Disposal Ordinance (Cap. 354), Noise Control Ordinance (Cap. 400) and other relevant environmental legislations. During the Period, no any record of violation has been found.

In our policies and measures on environmental protection, we have encouraged our employees to comply with our environmental policy and meet the requirement of the relevant legislation and regulations. A best practice guideline concerning air pollution, water pollution, noise, and general and construction waste has been provided to our employees. Some of our eco-friendly actions may include but not limited to paper-less meetings, switching off lighting and appliances in offices after working hours or when the premises is not in use, to enhance employees' awareness for reducing energy consumption and carbon emissions.

During the Period, all our machinery use fuel with sulphur content not exceeding 0.005% during industrial processes in accordance with the Air Pollution Control Ordinance laid down by the Environmental Protection Department. We did not use any liquified petroleum gas or Towngas and therefore no relevant greenhouse gas emission to report. At the same time, we did not produce any hazardous waste from our operations.

The following presents our greenhouse gas emission for the Period:

Greenhouse gas emissions from vehicles:

Aspect 1.1		Unit
Nitrogen oxides	48.12	kg/km
Sulphur oxides	0.25	kg/L
Particulate matter	4.45	kg/km

Greenhouse gas emissions from mobile combustion sources:

Aspect 1.2			Unit
Scope 1			
Carbon dioxide		41.03	tonne
Annual methane		0.05	tonne
Nitrous oxide		3.73	tonne
Indirect greenhouse gas emissions:			
Scope 2			
Carbon dioxide		40.92	tonne
Scope 3			
Paper waste disposal at landfills	Co_2	1.37	tonne
Electricity purchased from China Light & Power	Co_2	1.51	tonne

I.2 *Usage of Resources*

Energy Saving

We have established a series of measures to enhance the awareness of energy saving. For instance, we have informed our staff that the temperature of air-conditioning in head office and site offices to be set at an environmental-friendly level (around 24–26 degrees Celsius); LED lighting has been installed in the head office and site offices. All the lighting and air-conditioning must be switched off after office hour or when the premises is not in use. Notices are placed in appropriate area to remind the staff to switch off energy. In our sites, we informed our site supervisor to switch off idle plants and machinery to avoid energy wastage.

Aspect 2.1		Unit
Electricity consumption	64,945.96	kWh
Per employee	1,510.37	kWh

Paper usage

The Group has encouraged our staff to recycle used papers and use double sided printing to reduce paper usage. Any announcement or information is only posted once on notice boards and staff and workers are notified through digital devices.

Water Management

The Group encounters no issue in sourcing water that is fit for purpose. The Group also strives to minimise the water pollution with monitoring the water use on sites. We have encouraged our staff to increase the awareness of environmental protection and water pollution. Under the Water Pollution Control Ordinance ("WPCO"), Cap. 358, discharge of polluted waters into stormwater drains is not permitted. To comply with the ordinance, we conduct regular self-monitoring checks to ensure the processing of the effluent discharged is limited to the prescribed standard in accordance with the WPCO. Deploy wastewater treatment facilities have been set on sites for sewage system to meet the conditions of WPCO license prior to discharging into the water channel.

Aspect 2.2		Unit
Water consumption	1,512.36	m^3
Per employee	35.17	m^3

The total hazardous waste generated and handling are not material in our operations. The following presents our non-hazardous waste disposal for the Period:

Waste disposal		Unit
Non-hazardous waste	13,094.10	tonne
Non-hazardous waste per number of construction projects for the Period	436.47	tonne

As we do not generate significant packaging material waste in our operations. Hence, the relevant KPIs is not applicable to the Group.

I.3 The Environment

The Group has obtained ISO 14001:2015 certified by Hong Kong Quality Assurance Agency ("HKQAA") in recognition of our effort in our environmental management systems. We have obtained the relevant environmental licensing and permit for our projects, such as the Effluent Discharge License under Water Pollution Control Ordinance, Registration of Chemical Waste Producer, Billing Account for Construction Waste Disposal, Notification pursuant to Air Pollution Control (Construction Dust) Regulation and Construction Noise Permit.

In some of our projects, we have implemented "BEAM Plus"("BEAM"). BEAM is intended to provide authoritative guidance to all stakeholders in the building construction and real estate sectors on practices which reduce the adverse environmental effects of buildings, whilst providing a quality-built environment.

By implementing BEAM, we have improved hygiene and the quality of the indoor environment; promoted and encouraged energy efficient buildings, systems and equipment; reduced unsustainable consumption of increasingly scarce resources such as water and tropical timber; and improved waste management and encourage recycling and reuse of materials.

Noise Control

Our construction works' locations are close to public area, such as residential buildings and school, hence, we have to minimise nuisance to the immediate neighbourhood caused by noise during the construction of buildings and the infrastructure serving buildings and comply with Noise Control Ordinance (Cap.400) and Environmental Impact Assessment Ordinance that the maximum of acceptable noise level is 75 decibels. Acoustic barriers have been used in place to minimise the impact of noise generated. In addition, before the commencement of works, we communicate with those affected residents and public and inform them about the construction timeline in order to obtain their understanding with our works and suspend the works on the required period, such as school's examination period.

Waste Disposal Management

The major environmental concern in Hong Kong is waste disposal. One of our generation of wastes is the inert construction waste, such as concrete and cement. To comply with the standards of the Construction Waste Disposal Charging Scheme in January 2005 from the Environmental Protection Department, we have opened billing accounts for repaying the service charges when using any legitimate waste disposal facilities for construction waste. If they are achieved to the specified level, we send the construction wastes to the designated landfill.

In addition, we keep on developing any possible reuse and recycling scheme that could allow us to divert construction waste from waste stream back into the construction cycle. In our waste management plan, the key issue is to reduce the amount of waste generated from works sites. We have tried our best on avoiding and minimising waste through careful planning and design works and minimising over ordering. Our wastes have been collected on an on-going basis and sorting will be carried out as classification including the separation of C&D materials into public fill, C&D waste for proper disposal, as well as the sorting of C&D material by category to facilitate reuse/recycling/return.

Resources recycling

Where applicable, we adopt the use of recycled resources and materials in our site operations. We have separated the non-inert C&D materials from the inert C&D materials on-site. Inert C&D materials, such as concrete and brick, would be reused/recycled in the site area if applicable and the surplus inert C&D wastes should be recycled through the local recycler. Recyclable materials (steel, plastic waste, cans etc.) would be segregated from the non-inert C&D materials for collection by reputable licensed recyclers. The remaining non-recyclable waste materials will be disposed of at designated landfill sites by a reputable licensed waste collector.

II. SOCIAL

II.1 Employment

There is no doubt that employees are the most valuable asset of the Group. The Group relies on our dedicated workforce to help fulfilling our aim to become one of the most competitive players in the construction industry. We highly appreciate the contributions of our workforce and are determined to reward and maintain our talents through provision of attractive remuneration package, a safe and healthy work environment and good individual development support. We are also dedicated to implement equal opportunity employment practices.

Employees' remunerations are based on their job nature, qualifications and experiences. We provided an annual appraisal and reviewed their salaries and wage rates through our internal meeting. We strongly encourage internal promotion and offer a variety of job opportunities to the existing staff if they are best suited. We strive to maintain work-life balances by offering a Five and a Half-Day work week for office staff and a Six-Day work week for site staff and encourage our employees to work in reasonable working hours. Our remuneration package included basic salary, performances bonus and overtime allowances. Our administration and human resources department and the management have kept a close eye on the competitiveness of our remuneration level as compared to our competitors in the market.

We have adopted a comprehensive employee handbook for employees of our Group and review the policies from time to time to ensure that we comply with the Employment Ordinance in respect of employment protection and benefits. Our administration and human resources department would observe the departmental manual of the Labour Department to adhere to the legal and regulatory requirements throughout the recruitment process.

As at 31 March 2018, we employed a total of 43 staff, including operational office and construction division. Due to our business nature, we employed a majority of male staff.

The employee turnover rate is extremely high in the construction industry, especially for the daily worker. During the Period, there were 2 daily workers, who joined before 1 April 2017, left the Group. Save and except the 2 daily workers, there was no other employee left the Group during the Period. The employee turnover rate is 5%.

During the Period, all construction sites and office of the Group were prohibited to hire illegal immigrants or worker and child or forced labour. We confirm that there is no violation of applicable laws and regulations on working hours, salary, benefits and other employment matters during the Period.

II.2 Health and Safety

In the construction industry, the occupational health and safety risk is extremely high. Hence, providing a safe, effective and congenial work environment to our staff is one of the most important objectives and concerns for our Group. We have established policies on occupational health and safety to protect our staff and perform regular inspection on the high-risk construction sites. Relevant laws and regulations in relation to health and safety, such as the Occupational Safety and Health Ordinance, Cap. 509, the Employees' Compensation Ordinance, Cap. 282, and the Factories and Industrial Undertakings Ordinance, Cap. 59, are applicable to the business of the Group.

To enhance the awareness of health and safety, we have composed a safety manual; and our workers, including internal staff and sub-contractor's workers, have to attend the safety training,especially for entering into the site for the first time. We have also set up a health and safety management group to provide the highest standard of protection and prevention for all our staff against the unnecessary exposure to occupational hazards. All staff must be equipped with special safety equipment, like safety helmets, ear plugs, dust masks, goggles and safety shoes etc. Our Safety Officers on site carry out site inspection regularly and are responsible to oversee the site safety during the whole construction period.

During the Period, we performed good control on our health and safety management. The Group has obtained OHSAS 18001:2007 certified by Hong Kong Quality Assurance Agency (HKQAA) as a recognition of our compliance with occupational health and safety requirements. An external safety consultant has also been engaged to conduct random safety inspections for our construction projects and to provide periodic safety consultancy service, which includes trainings to our Directors and senior management, and risk assessment for specific high-risk activities or operations.

During the Period, we are glad that no fatal injury cases occurred at our project sites. As at 31 March 2018, we are not aware of any summons that was taken against the Group for any contravention of the Occupation Safety and Health Ordinance, the Employees' Compensation Ordinance and the Factories and Industrial Undertakings Ordinance. Further, we have taken out insurance in compliance with the applicable laws and regulations in Hong Kong with a view to providing sufficient coverage for work-related accidents and injuries occurred to our employees and our subcontractors' employees.

II.3 Development and Training

Since the Group concerns the safety and health of our employees, we have established a series of internal safety training programs to ensure all the employees have received a substantial level of training for reducing the opportunity of accident. We make sure that all staff across every part of the business have regular opportunities to learn and grow. In addition, we strongly support the nurturing of young talents who are determined to develop their careers in the construction industry. All the employees must attend the safety training before entering into construction sites.

We have encouraged our employees to develop their knowledge from external training providers. The Director/senior management would approve the sponsorship to our employees for studying the relevant courses of construction. During the Period, we have sponsored our employees to attend "Visual Inspection on Welds" under ETS-Testconsult Limited, "Demolition of Building Course for Supervisors/ Foremen" and "Construction Safety Supervisor Course" under the Construction Industry Council.

III. OPERATIONS

III.1 Supply Chain Management

The quality and services provided by suppliers and sub-contractors are important to our Group as they are crucial in contributing to our success in the pursuit of quality excellence and in enhancing our reputation. Hence, we have a good control on the suppliers' and sub-contractors' selection procedure by evaluating different aspects of their performance, such as competitive pricing, meet specifications and standards, product and service quality and business ethics. We have built up a good relationship and communication with our suppliers and sub-contractors. Our senior management has performed performance review to our existing suppliers and sub-contractors regularly for maintaining our works at a high standard level. Suppliers and sub-contractors who with unsatisfied performance may subject to removal from our approved list.

III.2 Product Responsibility

Quality service is the key influential element of our business operation. We welcome our customers to discuss with us if they have any queries and feedbacks. Customer complaints are thoroughly investigated and root causes are identified and acted upon accordingly. Whistleblowing and complaint hotline have been set up for our staff and customers to report any frauds or non-compliance issues. In the event of any defect, project team is responsible to ensure rectification is taken in a timely manner. Investigation report should also be prepared for review by the senior management. During the Period, the Group did not receive any complaints and has provided a great quality management and has obtained ISO9001:2008 certified by Hong Kong Quality Assurance Agency ("HKQAA") as an identification of our success in meeting customer expectations and delivering customer satisfaction.

Due to the business nature of ours, we do not provide services relating to advertising and labelling matters. Hence, the relevant key performance indicators are not applicable to our Group.

To protect our confidential or special information of our customers, employees and financial data, we have kept them in the properly area with lock. The information will not be disclosed without their or the Group's authorisation. Our senior management also signed a confidential agreement for protecting the Company's information.

As at 31 March 2018, the Group has not noted any non-compliance cases in relation to the Personal Data (Privacy) Ordinance.

III.3 Anti-Corruption

The Group has strictly complied with anti-corruption policies and procurement practices as stated in our Staff Handbook and Internal Control Manual ("Manuals") that outlines conflicts of interest, intellectual property rights, privacy and confidentiality of information, bribery and corruption and equal opportunities. Gift policy has been included in the Manuals and clearly described the processes and procedures required to process and accept gifts and offers. For instance, employees are prohibited from accepting or offering gifts or services from or to our customers.

We have regularly updated our internal policies to cope with the regulations of the Independent Commission Against Corruption ("ICAC") for increasing the awareness of the changing circumstances of corruption, money laundering and fraud. Our senior management has read "Training Package on Business Ethics" which is received from ICAC to enhance the awareness of the relevant guides and related ethical challenges. The Group also encourages employees to report any irregularities that a whistleblowing policy is in place to provide a confidential platform for employees to report issues observed from our employees. As at 31 March 2018, the Group did not find any non-compliance issues concerning corruption-related laws and regulations (such as the Hong Kong Prevention of Bribery Ordinance, the Theft Ordinance and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance) against the Group or its employees.

III.4 Community Involvement

We are making our best effort in contributing to the community. We actively seek opportunities to repay society and in hope of creating a better living environment for local community by participating in community services and charitable sponsorships. In response to "Greeneers Action", we have participated in "Red Packet Recycling Scheme 2018". We have set a recycle box in our office for collecting the red packet.

FUTURE APPROACH TOWARDS SUSTAINABLE DEVELOPMENT

In the future, the Group will continue to uphold its corporate social responsibility and enhance its relevant performance. We will regularly review our corporate social responsibility policy to ensure that our relevant initiatives and performances can address the needs of the Hong Kong society. In conducting our business, we will continue to take into account the interest of all our stakeholders and engage them with a sustainable business model.

INDEPENDENT AUDITORS' REPORT

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

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

TO THE SHAREHOLDERS OF WANG YANG HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Wang Yang Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 44 to 91, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Accounting for construction contract revenue, gross profit and related receivables and liabilities	
We identified the revenue and profit recognition of contracting service and amounts due from customers for contract work as a key audit matter due to significant management judgements and estimation are required in the determination of the total outcome of the contracting service contracts as well as the percentage of completion of contracting service.	• Reviewing the contract sum and budgeted costs to respective signed contracts and budgets prepared by management. • Understanding from management about how the budgets were prepared and the respective stage of completion were determined. • Reviewing the reasonableness of key judgements inherent in the budgets. • Obtaining the certificates issued by customers to evaluate the reasonableness of percentage of completion as at year end. • Assessing the reliability of the budgets by comparing the actual outcome against management's estimation of completed contracts on a sample basis. • Checking the amounts due from customers for contract work by agreeing the amount of progress billings, on a sample basis, to billings issued to customers.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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

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

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

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

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

The engagement director on the audit resulting in this independent auditors' report is Kwok Kin Leung.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Kwok Kin Leung
Practising Certificate Number: P05769

Hong Kong, 29 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Note	**2018** **HK$'000**	2017 HK$'000
Revenue	5	**215,692**	184,363
Direct costs		**(165,019)**	(135,106)
Gross profit		**50,673**	49,257
Other income and net gains	5	**138**	–
Administrative and other operating expenses		**(33,729)**	(16,774)
Operating profit		**17,082**	32,483
Finance costs	9	**–**	(3)
Profit before income tax	6	**17,082**	32,480
Income tax expense	10	**(6,354)**	(5,524)
Profit for the year		**10,728**	26,956
Other comprehensive expense			
Items that may be reclassified to profit or loss:			
— Change in fair value of available-for-sale financial asset		**(5)**	–
— Reclassification adjustment for gain included in the consolidated statement of profit or loss upon disposal of available-for-sale financial asset		**(31)**	–
Other comprehensive expense for the year, net of tax		**(36)**	–
Total comprehensive income for the year attributable to owners of the Company		**10,692**	26,956
		HK Cents	HK Cents
Earnings per share attributable to owners of the Company			
— Basic and diluted earnings per share *(HK cents)*	11	**5.40**	13.61

Details of dividends are disclosed in Note 13 to the consolidated financial statements.

The accompanying notes form an integral part of these consolidated financial statement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	1,575	2,368
Deposit and prepayment for life insurance policy	15	2,909	–
		4,484	2,368
Current assets			
Gross amounts due from customers for contract work	17	35,953	34,531
Trade and other receivables	18	78,580	73,991
Available-for-sale financial asset	20	2,971	–
Tax recoverable		464	–
Cash and bank balances	21	103,079	27,557
		221,047	136,079
Total assets		225,531	138,447
EQUITY			
Capital and reserves			
Share capital	22	2,640	11,010
Reserves		184,513	74,535
Total equity		187,153	85,545

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
LIABILITIES			
Non-current liabilities			
Liabilities for long service payments	25	**562**	589
Deferred tax liabilities	26	**15**	88
		577	677
Current liabilities			
Gross amounts due to customers for contract work	17	**38**	2,504
Trade and other payables	27	**35,766**	31,719
Loan from a related party	19	**–**	1,600
Dividend payable		**–**	15,000
Finance lease liabilities	24	**–**	18
Current income tax liabilities		**1,997**	1,384
		37,801	52,225
Total liabilities		**38,378**	52,902
Total equity and liabilities		**225,531**	138,447
Net current assets		**183,246**	83,854
Total assets less current liabilities		**187,730**	86,222

The consolidated financial statements were approved and authorised for issue by the board of directors on 29 June 2018:

Mr. Ng Chi Bun Benjamin
Director

Ms. Ng Chung Yan May
Director

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Share capital HK$'000 (Note 22)	Share premium HK$'000	Merger reserve HK$'000	Investments revaluation reserve movement HK$'000	Retained earnings HK$'000	Total HK$'000
Balance as at 1 April 2016	11,010	–	–	–	62,579	73,589
Profit and total comprehensive income for the year	–	–	–	–	26,956	26,956
Dividends (Note 13)	–	–	–	–	(15,000)	(15,000)
Balance as at 31 March 2017	11,010	–	–	–	74,535	85,545
Balance as at 1 April 2017	11,010	–	–	–	74,535	85,545
Profit for the year	–	–	–	–	10,728	10,728
Reorganisation	(11,010)	–	11,010	–	–	–
Shares issued pursuant to the capitalisation issue	1,980	(1,980)	–	–	–	–
Shares issued pursuant to the share offer	660	98,340	–	–	–	99,000
Shares issuance cost	–	(8,084)	–	–	–	(8,084)
Other comprehensive expense:						
Change in fair value of available- for-sale financial asset	–	–	–	(5)	–	(5)
Reclassification upon disposal of an available-for-sale investment	–	–	–	(31)	–	(31)
Balance as at 31 March 2018	2,640	88,276	11,010	(36)	85,263	187,153

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Cash flows from operating activities			
Cash generated from/(used in) operations	28(a)	**13,670**	(12,399)
Net tax paid		**(6,278)**	(11,057)
Net cash generated from/(used in) operating activities		**7,392**	(23,456)
Cash flows from investing activities			
Deposit paid for a life insurance policy		**(2,828)**	–
Decrease in amount due from a related company		**–**	74
Decrease in amount due from a director		**–**	17,295
Investment in available-for-sale financial asset		**(6,024)**	–
Proceeds from disposal of available-for-sale financial asset		**3,048**	–
Interest received		**34**	–
Purchases of property, plant and equipment		**(398)**	(16)
Net cash (used in)/generated from investing activities		**(6,168)**	17,353
Cash flows from financing activities			
Proceeds from share offer		**99,000**	–
Payments of transactions costs attributable to issue of new shares		**(8,084)**	–
Repayment of related party's loan		**(1,600)**	–
Repayments of finance leases		**(18)**	(68)
Interest paid on finance leases		**–**	(3)
Dividend paid		**(15,000)**	–
Net cash generated from/(used in) financing activities		**74,298**	(71)
Net increase/(decrease) in cash and cash equivalents		**75,522**	(6,174)
Cash and cash equivalents at beginning of the year		**27,557**	33,731
Cash and cash equivalents at end of the year		**103,079**	27,557
Analysis of balances of cash and cash equivalents			
Cash and bank balances	21	**103,079**	27,557

The accompanying notes form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION AND BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands on 29 March 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 29 March 2018.

The addresses of the Company is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands and the Company's principal place of business is Offices E & F, 7th Floor, King Palace Plaza, No. 55 King Yip Street, Kwun Tong, Kowloon, Hong Kong. The Company is an investment holding company. The Group is principally engaged in the business of foundation works and superstructure building works in Hong Kong.

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company's shares on the Stock Exchange (the "Reorganisation"), the group entities were under the control of Ms. Tsui Kwok Ying ("Ms. KY Tsui"), Mr. Ng Chi Bun Benjamin ("Mr. Benjamin Ng") and Ms. Ng Chung Yan May ("Ms. May Ng"). Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 8 March 2018. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the years presented. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Ms. KY Tsui, Mr. Benjamin Ng and Ms. May Ng prior to and after the Reorganisation.

The consolidated financial statements has been prepared as if the Company had been the holding company of the Group throughout the years presented in accordance with Accounting Guideline 5 ''Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years presented, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared to present as if the current group structure had been in existence throughout the years presented, or since their respective dates of incorporation where this is a shorter period. The consolidation statement of financial position as at 31 March 2017 has been prepared to present the assets and liabilities of the companies comprising the Group as if the current group structure had been in existence at that dates taking into account the respective date of incorporation, where applicable.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of presentation

The principal accounting policies applied in the preparation of the consolidated financial statements which are in accordance with the HKFRSs issued by the HKICPA are set out below. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap 622). The consolidated financial statements have been prepared under the historical cost convention, except as otherwise stated in the accounting policies below.

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

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable user of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair value; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 28 (b), the application of these amendments has had no impact on the Group's consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of presentation *(Continued)*

2.1.1 Changes in accounting policy and disclosures *(Continued)*

(b) New and amended standards not yet adopted

The following new standards and amendments to standards relevant to the Group's operations have been issued and are effective for the financial year beginning 1 January 2018 or after and have not been early adopted.

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contract with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contract[4]
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC)–Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 15	Clarification to HKFRS 15 Revenue from Contracts with Customers[1]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvement to HKFRSs 2015–2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018.

2 Effective for annual periods beginning on or after 1 January 2019.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2021.

Except for the new and amended HKFRSs mentioned below, the directors of the Company anticipate that the application of other new and amended HKFRSs will have no material impact on the consolidated financial statement in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of presentation *(Continued)*

2.1.1 Changes in accounting policy and disclosures *(Continued)*

(b) New and amended standards not yet adopted (Continued)

HKFRS 9 "Financial Instruments"

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

Key requirements of HKFRS 9 are described below:

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

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of presentation *(Continued)*

2.1.1 Changes in accounting policy and disclosures *(Continued)*

(b) *New and amended standards not yet adopted (Continued)*

HKFRS 9 "Financial Instruments" *(Continued)*

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

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an economic relationship. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company are assessing the impact of HKFRS 9 but anticipate that the application of HKFRS 9 in the future will have no material impact on the consolidated financial statements.

HKFRS 15 "Revenue from Contracts with Customers"

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

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

- Step 1: Identify the contract(s) with a customer.

- Step 2: Identify the performance obligations in the contract.

- Step 3: Determine the transaction price.

- Step 4: Allocate the transaction price to the performance obligations in the contract.

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of presentation *(Continued)*

2.1.1 Changes in accounting policy and disclosures *(Continued)*

(b) *New and amended standards not yet adopted (Continued)*

HKFRS 15 "Revenue from Contracts with Customers" *(Continued)*

Based on the current accounting policies adopted by the Company, the revenue is recognised with reference to the proportion that work performed with reference to surveys of work performed to date.

In accordance with HKFRS 15, input methods recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation (for example, resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the satisfaction of that performance obligation. The timing of revenue recognition based on current accounting policies may result in different timing of revenue recognition based on input method as mentioned in HKFRS 15 because there may not be a direct relationship between the Group's inputs and the satisfaction of the Group's performance obligation to a customer (i.e. the surveys of work performed to date by the customers and/or surveyors engaged by the customers).

On the other hand, HKFRS 15 allows adoption of output method as appropriate method of measuring progress to recognise revenue. In accordance to HKFRS 15, output methods recognise revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. Output methods include methods such as surveys of performance completed to date. The timing of revenue recognition based on current accounting policies is similar to the timing of revenue recognition based on output method as mentioned in HKFRS 15. The Group will adopt the output method for revenue recognition. Thus, the application of HKFRS 15 will have no material impact on our Group's future financial statements.

The materials consumed by the Group include concrete, piles and reinforcement steel. The Group did not maintain any inventory during the year presented mainly because the materials were usually delivered directly to our project sites for immediate consumption on project-by-project basis. As such, the Group did not have significant amount of uninstalled materials as at the end of each reporting period. Thus, the financial impact of the uninstalled materials in the application of HKFRS 15 will be considered as insignificant.

The directors of the Company do not expect the adoption of HKFRS 15 would result in significant impact on the amounts reported on the consolidated financial statements. However, there will be additional qualitative and quantitative disclosures upon the adoption of HKFRS 15.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of presentation *(Continued)*

2.1.1 Changes in accounting policy and disclosures *(Continued)*

(b) New and amended standards not yet adopted (Continued)

HKFRS 16 "Leases"

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

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

Total operating lease commitment of the Group as at 31 March 2018 amounted to approximately HK$1,463,000 (Note 29). The directors of the Group do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statements of financial position as right-of-use assets and lease liabilities.

Except for the above, the directors of the Company do not anticipate that the application of the new and revised HKFRSs listed above will have a material impact on the consolidated financial statements.

2.2 Subsidiaries

2.2.1 Consolidation

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

Business combinations

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation *(Continued)*

Business combinations (Continued)

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

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

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Merger accounting for common control combinations

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Segment reporting

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

2.5 Foreign currency translation

Functional and presentation currency

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

2.6 Property, plant and equipment

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

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

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

Machinery and equipment	20%
Leasehold improvements	20%
Furniture, fixtures and office equipment	20%
Motor vehicles	20%

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Impairment of non-financial assets

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

2.8 Leases

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

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

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated statements of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

2.9 Financial assets

Classification

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

(i) *Loan and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "deposit and prepayment for life insurance policy", "trade and other receivables" and "cash and bank balances" in the consolidated statements of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Financial assets *(Continued)*

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

2.10 Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Impairment of financial assets *(Continued)*

(ii) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is reclassified from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit or loss.

2.11 Gross amounts due from/to customers for contract work

A construction contract is defined in HKAS 11 as a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

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

The Group presents as an asset the gross amounts due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within "trade and other receivables".

The Group presents as a liability the gross amounts due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

2.12 Trade and other receivables

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

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

2.13 Cash and cash equivalents

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Share capital

Ordinary shares are classified as equity.

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

2.15 Trade and other payables

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

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

2.16 Borrowings

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

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

2.17 Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2.18 Current and deferred income tax

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Current and deferred income tax *(Continued)*

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

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

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

2.19 Employee benefits

(i) Employee leave entitlements

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

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

(ii) Retirement benefits

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

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of each reporting period are discounted to present value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Employee benefits *(Continued)*

(iv) Bonus plans

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

(v) Long service payments

Under the Hong Kong Employment Ordinance, the Group is required to make long service payments to its employees upon the termination of their employment or retirement on ground of old age when the employee fulfils certain conditions and the termination meets the required circumstances. Further, where accrued benefits (excluding any part attributable to the employee's contributions) have been paid to the employee, or is being held in a mandatory provident fund scheme by the employee, which is the case for most of the eligible employees of the Group, the long service payment is offset against the aforementioned amount of benefits to the extent that they relate to the employee's years of service for which the long service payment is payable.

Based on the Group's past experience and the directors' knowledge of the business and work force, the Group makes its estimates of its obligations to make long service payments to its employees in the event of termination of their employment or retirement. The Group's obligations to make such long service payments are recognised in the financial statements as long service payment liabilities at the present value (where the effect of discounting is material) of the long service payment obligations, which are estimated after deducting the entitlements accrued under the Group's defined contribution retirement scheme that are attributable to contributions made by the Group. Service cost, net interest on the long service payment liabilities (where discounting to present value is adopted because the effect of discounting is material) and remeasurements of the long service payment liabilities are recognised in profit or loss.

2.20 Provisions

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Contingent liabilities and contingent assets

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

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

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

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

2.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivables for the sale of services in the ordinary course of the Group's activities. Revenue is shown after eliminating sales within the Group.

Revenue from contract work is recognised based on the percentage of completion of the contracts, provided that the percentage of contract completion and the gross billing value of contracting work can be measured reliably. The percentage of completion of a contract is established by reference to the construction works certified by customers.

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

2.23 Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's shareholders or directors, where appropriate.

2.25 Deposit and prepayment for life insurance policy

Life insurance policy that can be terminated at any time is determined by the upfront payments plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge. If withdrawal is made, a pre-determined specified amount of surrender charge would be imposed.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities exposed it to a variety of financial risks: interest rate risk, credit risk and liquidity risk.

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

(i) Interest rate risk

Other than bank balances with variable interest rate, the Group has no other significant interest-bearing assets. Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

The Group does not expose to cash flow interest rate risk arising from its borrowings as the Group's finance lease liabilities are at fixed interest rates. The Group currently does not hedge its exposure to the interest rate risk as the management of the Group consider that the risk is insignificant.

(ii) Credit risk

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

The credit risk of bank balances and deposit and prepayment for life insurance policy is limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies and financial institution with good reputation respectively.

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

As at 31 March 2018, there were four (2017: two) customers which individually contributed over 10% of the Group's trade and other receivables. The aggregate amounts of trade and other receivables from these customers amounted to 54% (2017: 45%) of the Group's total trade and other receivables as at 31 March 2018.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(iii) Liquidity risk

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

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

	On demand or within one year HK$'000	Between one and two years HK$'000	Between two and five years HK$'000	Total HK$'000
At 31 March 2018				
Trade and other payables	**35,350**	**–**	**–**	**35,350**
At 31 March 2017				
Trade and other payables	31,719	–	–	31,719
Loan from a related party	1,600	–	–	1,600
Dividend payable	15,000	–	–	15,000
Finance lease liabilities	18	–	–	18
	48,337	–	–	48,337

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital risk management

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

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

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

The gearing ratios of the Group are as follows:

	2018 HK$'000	2017 HK$'000
Debts	**–**	1,618
Total equity	**187,153**	85,545
Gearing ratio	**N/A**	1.9%

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation

The Group's financial instruments carried at fair value as at 31 March 2018 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

At 31 March 2018

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Available-for-sale financial asset:				
Certificate of deposit				
Unlisted debt investment at fair value	–	2,971	–	2,971

There were no transfers between 1, 2 and 3 during the year.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Percentage of completion of construction works

The Group recognises its contract revenue according to the percentage of work performed to date of the individual contract of construction works as a percentage of total contract value. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting period. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders prepared for each construction contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract revenue.

5. REVENUE, OTHER INCOME AND NET GAINS AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents construction contract receipts in the ordinary course of business. Revenue and other income recognised during the years are as follows:

	2018 HK$'000	2017 HK$'000
Revenue		
Business of foundation works and superstructure building works	215,692	184,363
Other income and net gains		
Interest income	115	–
Loss on disposal of property, plant and equipment	(8)	–
Fair value gain on available-for-sale financial asset (transfer from equity on disposal)	31	–
	138	–

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors regards the Group's business as a single operating segment and reviews consolidated financial statements accordingly. Also, the Group only engages its business in Hong Kong. Therefore, no segment information is presented.

Geographical information

The Company is domiciled in the Cayman Islands with the Group's operations located in Hong Kong. All of the Group's revenue from external customers during the years are derived from Hong Kong, the place of domicile of the Group's operating subsidiaries. All the non-current assets of the Group are located in Hong Kong. Accordingly, no geographical information is presented.

Information about major customers

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

	2018 HK$'000	2017 HK$'000
Customer I	N/A[1]	39,785
Customer II	44,037	N/A[1]
Customer III	30,014	39,549
Customer IV	27,141	N/A[1]

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

6. PROFIT BEFORE INCOME TAX

	2018 HK$'000	2017 HK$'000
Profit before taxation has been arrived at after charging:		
Included in direct costs:		
Depreciation of owned assets	**1,513**	942
Depreciation of assets under finance leases	**21**	49
Staff costs, including directors' emoluments (Note 7)	**13,228**	9,187
Operating lease rental in respect of		
— equipment and machinery	**1,108**	721
— others	**32**	29
Included in administrative and other operating expenses:		
Auditors' remuneration	**770**	150
Depreciation of owned assets	**97**	99
Listing expenses	**18,866**	2,643
Operating lease rental in respect of		
— office premise	**599**	599
— director's quarter (included in director's emoluments)	**294**	437
Staff costs, including directors' emoluments (Note 7)	**9,530**	10,483

Notes:

	2018 HK$'000	2017 HK$'000
Depreciation (Note 14)	**1,183**	1,326
Less: amounts charged to direct costs	**(1,534)**	(991)
Less: amounts charged to administrative and other opening expenses	**(97)**	(99)
Amounts capitalised in constructing work-in progress	**(448)**	236

7. EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2018 HK$'000	2017 HK$'000
Directors' emoluments	**4,333**	5,054
Other staff costs	**18,063**	14,297
Retirement scheme contributions		
— defined contribution plan, excluding directors	**501**	520
	22,897	19,871
Less: amounts charged to direct costs	**(13,228)**	(9,187)
Less: amounts charged to administrative and other operating expenses	**(9,530)**	(10,483)
Amounts capitalised in constructing work-in progress	**139**	201

The Group operates defined contribution schemes in Hong Kong which comply with the requirements under the Mandatory Provident Fund (''MPF'') Schemes Ordinance. All assets under the scheme are held separately from the Group under independently administered funds. Contributions to the MPF scheme follow the MPF Schemes Ordinance.

8. BENEFITS AND INTEREST OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive for the years ended 31 March 2018 and 2017 are set out below:

	Fee HK$'000	Salaries and other benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2018					
Executive directors					
— Mr. Benjamin Ng (Chief Executive officer) (Notes(i))	–	2,094	450	36	2,580
— Ms. May Ng (Note(i))	–	876	123	36	1,035
Non-executive director					
— Ms. KY Tsui (Note(i))	–	600	115	–	715
Independent non-executive director					
— Mr. Yau Chung Hang (Note(ii))	1	–	–	–	1
— Mr. Pong Kam Keung (Note(ii))	1	–	–	–	1
— Mr. Lo Ki Chiu (Note(ii))	1	–	–	–	1
	3	3,570	688	72	4,333
Year ended 31 March 2017					
Executive directors					
— Mr. Benjamin Ng	–	2,086	1,210	36	3,332
— Ms. May Ng	–	875	107	36	1,018
Non-executive director					
— Ms. KY Tsui	–	600	104	–	704
	–	3,561	1,421	72	5,054

During the year ended 31 March 2018, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2017: Nil). Neither the chief executive nor any of the directors has waived or agreed to waive any emoluments during the year ended 31 March 2018 (2017: Nil).

Notes:

(i) Ms. KY Tsui, Mr. Benjamin Ng and Ms. May Ng were appointed as executive directors/non-executive director of the Company on 29 March 2017. They were also directors of certain subsidiaries of the Company and/or employees of the Group during the years ended 31 March 2018 and 2017 and the Group paid emoluments to them in their capacity as the directors of these subsidiaries and/or employees of the Group before their appointment as executive directors of the Company.

(ii) Mr. Yau Chung Hang, Mr. Pong Kam Keung and Mr. Lo Ki Chiu were appointed as independent non-executive directors of the Company on 13 March 2018. During the year ended 31 March 2017, the non-executive directors have not been appointed and received nil directors' remuneration in the capacity of directors.

8. BENEFITS AND INTEREST OF DIRECTORS *(Continued)*

(b) Five highest paid individuals

During the year, the five individuals whose emoluments were the highest in the Group include three (2017: three) directors, whose emoluments are disclosed above. The emoluments paid to the remaining two (2017: two) are as follows:

	2018 HK$'000	2017 HK$'000
Salaries and allowances	2,700	2,310
Discretionary bonuses	1,225	791
Retirement scheme contributions	18	18
	3,943	3,119

The emoluments fell within the following bands:

	2018 Number of individuals	2017 Number of individuals
Emolument bands (in HK$)		
Nil–HK$1,000,000	1	1
HK$1,000,001–HK$1,500,000	–	–
HK$1,500,001–HK$2,000,000	–	–
HK$2,000,001–HK$2,500,000	–	–
HK$2,500,001–HK$3,000,000	1	1

During the year ended 31 March 2018, no emoluments were paid by the Group to the above highest paid individuals as (i) an inducement to join or upon joining the Group or (ii) as compensation for loss of office as a director or management of any members of the Group (2017: Nil).

9. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interest on finance leases	–	3

10. INCOME TAX EXPENSE

For the years ended 31 March 2018 and 2017, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong for the years.

	2018 HK$'000	2017 HK$'000
Hong Kong profits tax		
Current income tax	**6,427**	5,627
Deferred income tax (Note 26)	**(73)**	(103)
Income tax expense	**6,354**	5,524

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

	2018 HK$'000	2017 HK$'000
Profit before income tax	**17,082**	32,480
Calculated at a tax rate of 16.5%	**2,819**	5,359
Income not subject to tax	**(2)**	(76)
Expenses not deductible for tax purposes	**3,133**	484
Tax concession	**(40)**	(60)
Utilisation of previously unrecognised tax losses	**–**	(183)
Tax losses for which no deferred income tax asset was recognised	**444**	–
Income tax expense	**6,354**	5,524

11. EARNINGS PER SHARE

The calculation of the basic earnings per share of the year ended 31 March 2018 is based on the profit for the year of approximately HK$10,728,000 (2017: approximately HK$26,956,000) and the weighted average number of ordinary shares in issue during the year ended 31 March 2018 of approximately 198,542,000 (2017: 198,000,000) on the assumption that the Reorganisation as defined in notes 1, had been completed on 1 April 2016. No diluted earnings per share is presented for both years as there was no potential ordinary share outstanding.

12. SUBSIDIARIES

The following is a list of the subsidiaries at 31 March 2018:

Name	Place of incorporation/ operation and kind of legal entity	Principal activities	Particulars of issued share capital	Percentage of interest held
Steer Vision Limited ("Steer Vision")	Limited liability company incorporated on 29 March 2017, the BVI	Investment holding	Ordinary share US$1	100% (direct)
Build Wise Limited ("Build Wise")	Limited liability company incorporated on 21 April 2017, the BVI	Investment holding	Ordinary share US$1	100% (indirect)
United Prosperous Limited ("United Prosperous")	Limited liability company incorporated on 21 April 2017, the BVI	Investment holding	Ordinary share US$1	100%(indirect)
Grand Basework Limited ("Grand Basework")	Limited liability company incorporated on 21 April 2017, the BVI	Investment holding	Ordinary share US$1	100%(indirect)
Prosperous Contractors Limited ("Prosperous Contractors")	Limited liability company incorporated on 9 January 2017, the BVI	Investment holding	Ordinary share US$1	100%(indirect)
Wise Trend Engineering Limited ("Wise Trend Engineering")	Limited liability company incorporated on 11 July 1996, Hong Kong	Business of foundation works and superstructure building works	Ordinary share HK$10,000,000	100%(indirect)
Wise Trend Construction & Engineering Limited ("Wise Trend Construction & Engineering")	Limited liability company incorporated on 3 May 2006, Hong Kong	Handling human resources and related administrative matters of the Group	Ordinary share HK$10,000	100% (indirect)
Wise Trend Construction Limited ("Wise Trend Construction")	Limited liability company incorporated on 12 May 2014, Hong Kong	Business of foundation works and superstructure building works	Ordinary share HK$1,000,000	100% (indirect)

13. DIVIDENDS

	2018 HK$'000	2017 HK$'000
Interim dividend	–	15,000

The Directors do not recommend the payment of final dividend for the year ended 31 March 2018. No dividend has been declared or paid by the Company since its date of incorporation. During the year ended 31 March 2017, Wise Trend Engineering Limited, a subsidiary of the Company, declared interim dividends to its then equity holders amounting to HK$15,000,000 before Reorganisation.

14. PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment HK$'000	Leasehold improvements HK$'000	Furniture fixtures and office equipment HK$'000	Motor vehicles HK$'000 (Note a)	Total HK$'000
Cost					
At 1 April 2016	7,878	425	249	2,720	11,272
Additions	–	–	16	–	16
Disposals	–	–	(34)	–	(34)
At 31 March 2017	7,878	425	231	2,720	11,254
Accumulated depreciation					
At 1 April 2016	5,003	177	223	2,191	7,594
Charge for the year	956	85	14	271	1,326
Disposals	–	–	(34)	–	(34)
At 31 March 2017	5,959	262	203	2,462	8,886
Net book value					
At 31 March 2017	1,919	163	28	258	2,368

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Machinery and equipment HK$'000	Leasehold improvements HK$'000	Furniture fixtures and office equipment HK$'000	Motor vehicles HK$'000 (Note a)	Total HK$'000
Cost					
At April 2017	7,878	425	231	2,720	11,254
Additions	66	–	–	334	400
Disposal	(27)	–	–	–	(27)
At 31 March 2018	7,917	425	231	3,054	11,627
Accumulated depreciation					
At 1 April 2017	5,959	262	203	2,462	8,886
Charge for the year	898	85	11	189	1,183
Disposal	(17)	–	–	–	(17)
At 31 March 2018	6,840	347	214	2,651	10,052
Net book value					
At 31 March 2018	1,077	78	17	403	1,575

Note:

(a) **Property, plant and equipment held under finance leases**

Motor vehicles include the following amounts where the Group is a lessee under finance leases:

	2018 HK$'000	2017 HK$'000
Cost — capitalised finance leases	–	304
Accumulated depreciation	–	(264)
Net book value	–	40

15. DEPOSIT AND PREPAYMENT FOR LIFE INSURANCE POLICY

The Group entered into a life Insurance policy with an insurance company to insure Mr. Benjamin Ng. Under the policy, Wise Trend Engineering is the beneficiary and policy holder and the total insured sum is United States Dollars ("US$") 1,080,000 (equivalent to approximately HK$8,424,000). Wise Trend Engineering is required to pay upfront deposits of approximately US$388,000 (equivalent to approximately HK$3,026,000). Wise Trend Engineering can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of withdrawal, which is determined by the upfront payments of approximately US$388,000 (equivalent to approximately HK$3,026,000) 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 eighteenth policy year, as appropriate, a pre-determined specified amount of surrender charge would be imposed. The insurance company will pay Wise Trend Engineering a guaranteed interest of 3.55% per annum for the first year, followed by guaranteed interest of 2% per annum or above per annum for the following years.

At 31 March 2018, the deposit and prepayment for life insurance policy amounted to approximately HK$2,909,000 (2017: Nil). The deposit and prepayment for life insurance policy was denominated in US$.

Included in interest income for the year ended 31 March 2018 was amount of approximately HK$81,000 in respect of interest income on deposit and prepayment for life insurance policy (2017: Nil).

16. FINANCIAL INSTRUMENTS BY CATEGORY

	2018 HK$'000	2017 HK$'000
Financial assets		
Loans and receivables		
Deposit and prepayment for life insurance policy	2,909	–
Trade and other receivables excluding prepayments	77,950	70,651
Cash and bank balances	103,079	27,557
	183,938	98,208
Available-for-sale		
Available-for-sale financial assets	2,971	–
Total	186,909	98,208
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	35,350	31,719
Loan from a related party	–	1,600
Dividend payable	–	15,000
Finance lease liabilities	–	18
Total	35,350	48,337

17. GROSS AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	2018 HK$'000	2017 HK$'000
Gross amounts due from customers for contract work		
Contract costs incurred plus recognised profits less recognised losses	450,683	378,269
Less: Progress billings received and receivables	(414,730)	(343,738)
	35,953	34,531

	2018 HK$'000	2017 HK$'000
Gross amounts due to customers for contract work		
Progress billings received and receivables	58,032	100,161
Less: Contract costs incurred plus recognised profits less recognised losses	(57,994)	(97,657)
	38	2,504

All gross amounts due from/to customers for contract work are expected to be recovered/settled within one year.

18. TRADE AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	34,454	33,212
Retention receivables	31,878	27,007
Other receivables, deposits and prepayments	12,248	13,772
	78,580	73,991

18. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes:

(a) Trade receivables are past due when a counterparty has failed to make a payment when contractually due. The credit period granted to customers is 14 to 30 days from the date of issue of the payment certificate by the customer's consultant or architect or the invoice date. Trade receivables are denominated in HK$.

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

	2018 HK$'000	2017 HK$'000
0–30 days	**17,420**	23,588
31–60 days	**4,301**	3,297
61–90 days	**–**	403
Over 90 days	**12,733**	5,924
	34,454	33,212

Trade receivables of approximately HK$17,420,000 (2017: HK$23,588,000) as at 31 March 2018 were not yet past due and approximately HK$17,034,000 (2017: HK$9,624,000) as at 31 March 2018 were past due but not impaired. These relate to trade receivables from a number of independent customers of whom there is no recent history of default and no provision has therefore been made.

Age of trade receivables that are past due but not impaired:

	2018 HK$'000	2017 HK$'000
Overdue by:		
1–30 days	**4,301**	3,297
31–60 days	**–**	403
61–90 days	**–**	1,805
Over 90 days	**12,733**	4,119
	17,034	9,624

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

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

(e) The carrying amounts of trade and other receivables approximate to their fair values as at 31 March 2018 and 2017.

19. LOAN FROM A RELATED PARTY

Loan from a related party

	2018 HK$'000	2017 HK$'000
Name of the related party		
Mr. Ng Wong Kwong (Notes (a)&(b))	–	1,600

Notes:

(a) Mr. Ng Wong Kwong is the spouse of Ms. KY Tsui.

(b) The balances were denominated in HK$. The loan from the related party was non-trade in nature, unsecured, interest-free, had no fixed terms of repayment, but cannot be repaid or reduced without prior notice to the Government of Hong Kong. The Group has obtained the Government's consent to the repayment of such loan. This amount has been fully repaid in June 2017.

20. AVAILABLE-FOR-SALE FINANCIAL ASSET

	2018 HK$'000	2017 HK$'000
Certificate of deposit		
Unlisted debt investment at fair value	2,971	–

During the year ended 31 March 2018, the gross fair value loss in respect of the Group's certificate of deposit recognised in other comprehensive income amounted to approximately HK$36,000.

Investment in debt securities with a fixed rate of 1.37% per annum.

The fair value is within level 2 of the fair value hierarchy (Note 3.3).

21. CASH AND BANK BALANCES

	2018 HK$'000	2017 HK$'000
Cash at banks	103,079	27,557
Cash and cash equivalents	103,079	27,557

Notes:

(a) The cash and cash equivalents are denominated in HK$ as at 31 March 2018 and 2017.

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

22. SHARE CAPITAL

	Note	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
On 29 March 2017 (date of incorporation)	b	38,000,000	380
Increase in authorised share capital	c	4,962,000,000	49,620
As at 31 March 2018		5,000,000,000	50,000
Issued and fully paid:			
On 29 March 2017 (date of incorporation)	b	1	–
Shares issued upon Reorganisation	d	9,999	–
Shares issued pursuant to the capitalisation issue	e	197,990,000	1,980
Shares issued pursuant to the share offer	f	66,000,000	660
At 31 March 2018		264,000,000	2,640

Notes:

(a) The balance of share capital at 31 March 2017 represents the aggregate of the paid up share capital of the subsidiaries comprising the Group prior to the Reorganisation.

(b) Upon incorporation, the authorised share capital of the Company was HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. One share was allotted and issued nil-paid to the subscriber on 29 March 2017, which was then transferred to Profound Contractors Limited ("Profound Contractors") on the same date.

(c) On 13 March 2018, the then shareholders resolved to increase the authorised share capital of the Company from HK$380,000 to HK$50,000,000 by the creation of an additional 4,962,000,000 shares, each ranking pari passu with the shares then in issue in all respects.

(d) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Steer Vision from Profound Contractors, on 8 March 2018, (i) the one nil-paid share held by Profound Contractors was credited as fully paid; and (ii) 9,999 new shares were issued and allotted to Profound Contractors, all credited as fully paid, respectively.

(e) Pursuant to the written resolutions of the shareholders of the Company passed on 13 March 2018, the Company issued and allotted a total of 197,990,000 ordinary shares of the Company credited as fully paid to the then shareholders of the Company's shares on the register of members at the close of business on 13 March 2018 by way of capitalisation ("Capitalisation Issue") of the sum of HK$1,979,900 standing to the credit of the share premium account of the Company.

(f) On 29 March 2018, 66,000,000 ordinary shares of HK$0.01 each were issued to the public at a price of HK$1.50 per share for cash totalling HK$99,000,000 by way of share offer. The excess of issue price over the par value of the shares, net of issuance costs of approximately HK$90,256,000, were credited to the share premium account of the Company.

23. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 13 March 2018 as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme.

Under the Scheme, the directors of the Company may at their absolute discretion and subject to the terms of the Scheme, grant options to any employees (full-time or part-time), directors, consultants or advisors, substantial shareholder, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group, to subscribe for shares of the Company. The eligibility of any participants to the grant of any options shall be determined by the directors from time to time on the basis of the directors' opinion as to their contribution to the development and growth of the Group.

The aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share options schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share options schemes of the Company if this will result in the limit being exceeded. The maximum number of shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company as from the adoption date must not in aggregate exceed 10% of all the shares in issue upon the date on which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders in general meeting provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Scheme or any other share option schemes of the Company in any 12-month period up to date of grant shall not exceed 1% of the shares of the Company in issue. Where any further grant of options to a participant under the Scheme would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his/her close associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approval by the independent non-executive directors of the Company (excluding any independent non-executive director who is the grantee). Where any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective close associates would result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HK$5 million must be approved by the Company's shareholders at the general meeting of the Company, with voting to be taken by way of poll.

23. SHARE OPTION SCHEME *(Continued)*

The offer of a grant of share options might be accepted in writing within 7 days from the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. A nominal consideration of HK$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 7 days from the date of the offer).

The subscription price shall be a price solely determined by the board of directors of the Company and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the offer date; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date; and (iii) the nominal value of the Company's share on the offer date.

The Scheme shall be valid and effective for a period of ten years commencing on 13 March 2018, subject to early termination provisions contained in the Scheme.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 March 2017 and 2018.

24. FINANCE LEASE LIABILITIES

At 31 March 2018 and 2017, the Group had finance leases repayable as follows:

	2018		2017	
	Present value of minimum lease payment HK$'000	**Total minimum lease payments HK$'000**	Present value of minimum lease payment HK$'000	Total minimum lease payments HK$'000
Within one year	–	–	18	18
More than one year but not more than two years	–	–	–	–
More than two years but not more than five years	–	–	–	–
	–		18	18
Less: total future interest expense		–		–
Present value of lease obligations		–		18

24. FINANCE LEASE LIABILITIES *(Continued)*

The carrying amounts of balances of the Group approximate their fair values as at 31 March 2018 and 2017.

The Group's motor vehicles with an aggregate net book value of approximately HK$40,000 as at 31 March 2017 (Note 14) are secured as the rights to the leased assets revert to the lessors in the event of default.

Finance leases with carrying amounts of approximately HK$18,000 as at 31 March 2017 were guaranteed by personal guarantee given by a director of the Company.

The Group had committed finance lease facilities which bore interest at 2.75% per annum as at 31 March 2017.

The carrying amounts of all finance lease liabilities are denominated in HK$.

25. LIABILITIES FOR LONG SERVICE PAYMENTS

Under the Hong Kong Employment Ordinance, the Group is obligated to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of service and is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations. The long service payments are paid out from the Group's cash at banks when such payments are required.

	Total HK$'000
At 1 April 2016	661
Credited to profit or loss	(72)
At 31 March 2017 and 1 April 2017	589
Credited to profit or loss	(27)
At 31 March 2018	**562**

26. DEFERRED TAX LIABILITIES

The components of deferred tax liabilities recognised in the consolidated statements of financial position and the movements during the years are as follows:

Deferred tax liabilities arising from tax depreciation:

	Total HK$'000
At 1 April 2016	191
Credited to profit or loss (Note 10)	(103)
At 31 March 2017 and 1 April 2017	88
Credited to profit or loss (Note 10)	(73)
At 31 March 2018	**15**

27. TRADE AND OTHER PAYABLES

	2018 HK$'000	2017 HK$'000
Trade payables	**14,665**	27,959
Accruals and other payables	**20,685**	3,760
Deposits received	**416**	–
	35,766	31,719

Notes:

(a) Payment terms granted by suppliers are generally 7 to 90 days from the invoice date of the relevant purchases.

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

	2018 HK$'000	2017 HK$'000
0–30 days	**12,195**	16,312
31–60 days	**1,537**	1,551
61–90 days	**633**	22
Over 90 days	**300**	10,074
	14,665	27,959

(b) All trade and other payables are denominated in HK$.

(c) The carrying amounts of trade and other payables approximate to their fair values as at 31 March 2018 and 2017.

28. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	2018 HK$'000	2017 HK$'000
Profit before income tax	17,082	32,480
Adjustments for:		
Depreciation	1,183	1,326
Interest expense on finance leases	–	3
Interest income	(115)	–
Loss on disposal of property, plant and equipment	8	–
Fair value gain on available-for-sale financial asset (transfer from equity on disposal)	(31)	–
Provision for long service payments	(27)	(72)
Operating profit before working capital changes	18,100	33,737
Increase in gross amounts due from customers for contract work	(1,422)	(7,007)
Increase in trade and other receivables	(4,589)	(26,967)
Increase/(Decrease) in trade and other payables	4,047	(13,298)
(Decrease)/Increase in gross amounts due to customers for contract work	(2,466)	1,136
Cash generated from/(used in) operations	13,670	(12,399)

(b) Reconciliation of liabilities arising from financing activities

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

	Loan from a related party HK$'000	Dividend payable HK$'000	Finance lease liabilities HK$'000	Total HK$'000
At 1 April 2017	1,600	15,000	18	16,618
Changes from financing cash flows	(1,600)	(15,000)	(18)	(16,618)
At 31 March 2018	–	–	–	–

29. COMMITMENTS

Operating lease commitments — Group as lessee

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	2018 **HK$'000**	2017 HK$'000
Within one year	**757**	1,001
In the second to fifth years inclusive	**706**	–
	1,463	1,001

The Group is the lessee in respect of premises and car park under operating leases. The leases typically run for an initial period of 1 to 2 years.

30. RELATED PARTY TRANSACTIONS

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

Save as disclosed in Notes 19 and 32 to this report, the Group had the following significant related party transactions during the years:

(a) Transactions with related party

	2018 **HK$'000**	2017 HK$'000
Management fee and rental of office paid to Top Wealthy Limited (''Top Wealthy'') (Notes (i) & (ii))	**736**	736

Notes:

(i) The management fee and rental expenses for premise payable to the above related party are based on the agreements entered into between the parties involved.

(ii) Top Wealthy is owned by Ms. KY Tsui, Ms. May Ng and Ms. Tang Shuk Ngar, Elli (the spouse of Mr. Benjamin Ng) as to 62.5%, 12.5% and 25% respectively.

(b) The emoluments of the directors and senior executives (representing the key management personnel) during the years are disclosed in Note 8.

30. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Guarantee from related party

At 31 March 2017, finance lease liabilities of approximately HK$18,000 were guaranteed by Mr. Benjamin Ng.

(d) At 31 March 2017, the banking facilities are secured by personal guarantees from Ms. KY Tsui, Ms. May Ng and Mr. Benjamin Ng.

(e) At 31 March 2018, the bank facilities are secured by corporate guarantee from the Company.

31. SURETY BONDS AND CONTINGENT LIABILITIES

Certain customers of construction contracts undertaken by the Group require the Group to issue guarantees for the performance of contract works in the form of surety bonds of approximately HK$30,157,000 (2017: HK$22,998,000) as at 31 March 2018. Mr. Ng Wong Kwong, Ms. KY Tsui and Ms. May Ng, have unconditionally and irrevocably agreed to indemnify to the insurance companies that issue such surety bonds for claims and losses the insurance companies may incur in respect of the bonds. The surety bonds will be released when the contracts are completed or substantially completed pursuant to the relevant contract.

As at 31 March 2018, the Group paid a cash collateral of approximately HK$9,026,000 (2017: HK$7,194,000) to the insurance companies for the issuance of surety bonds and are included in other receivables, deposits and prepayments (Note 18).

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

32. AMOUNT DUE FROM ULTIMATE HOLDING COMPANY

Amount due from ultimate holding company is unsecured, interest-free and repayable on demand.

33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position

	Note	2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Investment in a subsidiary		–	–
Current assets			
Amount due from ultimate holding company	32	–	–
Cash and cash equivalents		91,701	–
		91,701	–
Total assets		91,701	–
EQUITY			
Capital and reserves			
Share capital		2,640	–
Reserves		67,997	–
Total equity		70,637	–
LIABILITIES			
Current liabilities			
Other payables		8,870	–
Amount due to a subsidiary		12,194	–
Total liabilities		21,064	–
Total equity and liabilities		91,701	–
Net current assets		70,637	–
Total assets less current liabilities		70,637	–

The financial statements were approved and authorised for issue by the Board of Directors on 29 June 2018 and signed on its behalf by:

Mr. Ng Chi Bun Benjamin
Director

Ms. Ng Chung Yan May
Director

33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

(b) Reserve movement

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
On 29 March 2017 (Date of incorporation)	–	–	–
Profit and total comprehensive income for the period	–	–	–
Balance at 31 March 2017	–	–	–
Balance at 1 April 2017			
Loss and total comprehensive expense for the year	–	(20,279)	(20,279)
Shares issued pursuant to the capitalisation issue	(1,980)	–	(1,980)
Shares issued pursuant to the share offer	98,340	–	98,340
Shares issuance costs	(8,084)	–	(8,084)
Balance at 31 March 2018	88,276	(20,279)	67,997

FINANCIAL SUMMARY

The financial summary of the Group for the last four years is set as follows:

RESULTS

	For the year ended 31 March			
	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**215,692**	184,363	212,488	176,456
Direct costs	**(165,019)**	(135,106)	(161,735)	(152,869)
Gross profit	**50,673**	49,257	50,753	23,587
Other income and net gains	**138**	–	88	50
Administrative and other operating expenses	**(33,729)**	(16,774)	(14,796)	(13,239)
Finance costs	**–**	(3)	(6)	(13)
Profit before income tax	**17,082**	32,480	36,039	10,385
Income tax expense	**(6,354)**	(5,524)	(5,974)	(1,941)
Profit for the year	**10,728**	26,956	30,065	8,444
Other comprehensive expense	**(36)**	–	–	–
Total comprehensive income for the year attributable to owners of the Company	**10,692**	26,956	30,065	8,444

	As at 31 March			
	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**4,484**	2,368	3,678	3,333
Current assets	**221,047**	136,079	125,648	90,499
Non-current liabilities	**577**	677	870	738
Current liabilities	**37,801**	52,225	54,867	49,570
Equity attributable to owners of the Company	**187,153**	85,545	73,589	43,524