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Wang Yang Holdings Limited
泓盈控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1735)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

FINANCIAL HIGHLIGHTS

— Revenue of the Group for the year ended 31 March 2019 amount to approximately HK$199.2 million (for the year ended 31 March 2018: approximately HK$215.7 million).

— Loss attributable to the owners of the Company for the year ended 31 March 2019 amounted to approximately HK$10.8 million (profit attributable to owners of the Company for the year ended 31 March 2018: approximately HK$10.7 million).

— Basic and diluted loss per share for the year ended 31 March 2019 amounted to approximately HK cents 4.10 (Basic and diluted earnings per share for the year ended 31 March 2018: approximately HK cents 5.40).

— The Directors of the Company do not recommend the declaration of a final dividend for the year ended 31 March 2019 (2018: Nil).

The board (the "**Board**") of directors (the "**Directors**") of Wang Yang Holdings Limited (the "**Company**") is pleased to present the audited consolidated financial results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2019 (the "**Period**") together with the comparative figures for the year ended 31 March 2018 (the "**Previous Period**") as follows. These information should be read in conjunction with the prospectus of the Company dated 19 March 2018 (the "**Prospectus**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	3	**199,228**	215,692
Direct costs		**(191,260)**	(165,019)
Gross profit		**7,968**	50,673
Other income and net gains/(losses)	3	**1,512**	138
Administrative and other operating expenses		**(18,852)**	(33,729)
(Loss)/profit before income tax	4	**(9,372)**	17,082
Income tax expense	5	**(1,442)**	(6,354)
(Loss)/profit for the year		**(10,814)**	10,728
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss:			
— Change in fair value of debt instrument at fair value through other comprehensive income		**29**	–
— Adjustment for disposal of debt instrument at fair value through other comprehensive income		**7**	–
— 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 income/(expense) for the year, net of tax		**36**	(36)
Total comprehensive (expense)/income for the year attributable to owners of the Company		**(10,778)**	10,692
		HK Cents	*HK Cents*
(Loss)/earnings per share attributable to owners of the Company			
— Basic and diluted (loss)/earnings per share	6	**(4.10)**	5.40

Details of dividends are disclosed in Note 7 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**10,533**	1,575
Deposit and prepayment for life insurance policy		**2,990**	2,909
		13,523	4,484
Current assets			
Contract assets		**61,564**	–
Gross amounts due from customers for contract work		**–**	35,953
Trade and other receivables	*8*	**59,002**	78,580
Available-for-sale financial asset		**–**	2,971
Tax recoverable		**5,365**	464
Cash and bank balances		**62,633**	103,079
		188,564	221,047
Total assets		**202,087**	225,531
EQUITY			
Capital and reserves			
Share capital		**2,640**	2,640
Reserves		**170,859**	184,513
Total equity		**173,499**	187,153
LIABILITIES			
Non-current liabilities			
Liabilities for long service payments		**753**	562
Deferred tax liabilities		**1,029**	15
		1,782	577

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Current liabilities			
Gross amounts due to customers for contract work		**–**	38
Trade and other payables	*9*	**26,806**	35,766
Current income tax liabilities		**–**	1,997
		26,806	37,801
Total liabilities		**28,588**	38,378
Total equity and liabilities		**202,087**	225,531
Net current assets		**161,758**	183,246
Total assets less current liabilities		**175,281**	187,730

NOTES TO THE 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 ultimate 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 ultimate 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 ultimate 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 year 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 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 consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidation financial statements have been prepared under the historical cost convention, except as otherwise stated in the accounting policies below.

The preparation of consolidated 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.

2.2 Changes in accounting policies and disclosures

(i) New and amended standards to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 *Financial Instruments* with HKFRS 4 *Insurance Contracts*
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and 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/or on the disclosures set out in these consolidated financial statements.

(ii) HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from foundation works and superstructure building works which arise from contracts with customers.

Summary of effects arising from initial application of HKFRS 15

The following table summarises the impact of transition to HKFRS 15 on retained earnings at 1 April 2018.

	HK$'000
Retained earnings	
Recognition of construction costs	(3,401)
Tax effect	561
Impact at 1 April 2018	(2,840)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2018	**Impact of HKFRS 15**	**Carrying amounts under HKFRS 15 at 1 April 2018***
	HK$'000	*HK$'000*	*HK$'000*
Current assets			
Contract assets	–	64,392	64,392
Gross amounts due from customers for contract work	35,953	(35,953)	–
Trade and other receivables	78,580	(31,878)	46,702
Current liabilities			
Contract liabilities	–	416	416
Gross amounts due to customers for contract work	38	(38)	–
Trade and other payables	35,766	(416)	35,350
Current income tax liabilities	1,997	(561)	1,436
Capital and reserves			
Retained earnings	85,263	(2,840)	82,423

* The amounts in this column are before the adjustments from the application of HKFRS 9.

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under HKFRS 15, revenue is recognised when a customer obtains control of goods or services. Determining the timing of the transfer of control over time requires judgement. Management assessed that revenue from provision of foundation works and superstructure building works services is recognised over-time.

In relation to construction contracts previously accounted under HKAS 11, the Group continues to apply output method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. Under HKAS 11, contract costs are recognised as expenses by reference to the stage of completion, which is measured by reference to work performed to date as a percentage of total contract value. Under HKFRS 15, costs that related to satisfied performance obligations are expensed as incurred. In addition, at the date of initial application of HKFRS 15, retention receivables previously included in trade and other receivables are now included under contract assets. Accordingly, upon adoption of HKFRS 15, contract assets and contract liabilities were increased by approximately HK$64,392,000 and HK$416,000 respectively, gross amounts due from customers for contract work, trade and other receivables, gross amounts due to customers for contract work, trade and other payables and current income tax liabilities were decreased by approximately HK$35,953,000, HK$31,878,000, HK$38,000, HK$416,000 and HK$561,000 as at 1 April 2018, respectively, which resulted in a decrease in opening retained earnings at 1 April 2018 by approximately HK$2,840,000, after net of tax effect of approximately HK$561,000.

(iii) HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) expected credit losses ("**ECL**") for financial assets and contract assets; and (iii) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between the carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained earnings, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Summary of effect arising from initial application of HKFRS 9

Classification of financial assets and financial liabilities

The table below illustrates the classification and measurement of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Available-for-sale financial asset	**Debt instrument at fair value through other comprehensive income**	**Investments revaluation reserve**	**Other comprehensive income reserve**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2018 — HKAS 39	2,971	–	36	–
Effect arising from initial application of HKFRS 9:				
Reclassification				
From available-for-sale financial asset	(2,971)	2,971	(36)	36
At 1 April 2018 — HKFRS 9	–	2,971	–	36

*From available-for-sales financial asset to debt instrument at fair value through other comprehensive income ("**FVTOCI**")*

Certificate of deposit with a fair value of approximately HK$2,971,000 were reclassified from available-for-sales financial asset to debt instrument at FVTOCI, as this investment is held within a business model whose objective is achieved by both collecting contractual cash flows and selling of these assets and the contractual cash flows of the investment is solely payments of principal and interest on the principal amount outstanding. The fair value losses of approximately HK$36,000 relating to this investment previously carried at fair value were transferred from investments revaluation reserve to other comprehensive income reserve.

Impairment under ECL Model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. To measure the ECL, the trade receivables and contract assets have been grouped based on shared credit risk characteristics.

The Group applies the HKFRS 9 general approach to measure ECL on deposits and other receivables and bank balances. The Group has applied the general approach in HKFRS 9 to measure the loss allowance at 12-month ECL ("**12m ECL**"), since there has not been a significant increase in credit risk since initial recognition for deposits and other receivables. The ECL for bank balances is insignificant because such assets are placed in banks with good reputation and there has been no recent history of default in relation to these banks.

As at 1 April 2018, the additional credit loss allowance of approximately HK$43,000 has been recognised against retained earnings. The additional loss allowance is charged against the respective asset.

All loss allowances as at 31 March 2018 reconciled to the opening loss allowances as at 1 April 2018 are as follows:

	Contract assets *HK$'000*	**Trade receivables** *HK$'000*
At 31 March 2018 — HKAS 39	–	–
Amount remeasured through opening retained earnings	10	33
At 1 April 2018 — HKFRS 9	10	33

The following table summarises the impact of transition to HKFRS 9 on retained earnings at 1 April 2018.

	HK$'000
Retained earnings	
Recognition of impairment loss	43
Tax effect	(7)
Impact at 1 April 2018	36

(iv) Impacts on opening consolidated statement of financial position arising from the application of HKFRS 15 and HKFRS 9

As a result of the changes in the Group's accounting policies above, the table below illustrates the overall application on HKFRS 15 and HKFRS 9 at the date of initial application, 1 April 2018. Line items that were not affected by the changes have not been included.

	At 31 March 2018	Impact of HKFRS 15	Impact of HKFRS 9	At 1 April 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current assets				
Contract assets	–	64,392	(10)	64,382
Gross amounts due from customers for contract work	35,953	(35,953)	–	–
Trade and other receivables	78,580	(31,878)	(33)	46,669
Available-for-sale financial asset	2,971	–	(2,971)	–
Debt instrument at FVTOCI	–	–	2,971	2,971
Current liabilities				
Contract liabilities	–	416	–	416
Gross amounts due to customers for contract work	38	(38)	–	–
Trade and other payables	35,766	(416)	–	35,350
Current income tax liabilities	1,997	(561)	–	1,436
Non-current liabilities				
Deferred tax liabilities	15	–	(7)	8
Capital and reserves				
Retained earnings	85,263	(2,840)	(36)	82,387
Investments revaluation reserve	(36)	–	36	–
Other comprehensive income reserve	–	–	(36)	(36)

Note:

For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 March 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2018 as disclosed above.

(v) ***New and amendments to HKFRSs in issue but not yet effective***

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

HKFRS 16	Leases[4]
HKFRS 17	Insurance Contracts[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[4]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKAS 1 and HKAS 8	Definition of Material[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[4]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycles[4]

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

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after 1 January 2020.

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

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

Except as described below, the directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the consolidated financial statements of the Group in the future.

HKFRS 16 Leases

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

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$733,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon the application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

3. REVENUE, OTHER INCOME AND NET GAINS/(LOSSES) 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:

	2019 ***HK$'000***	2018 *HK$'000*
Revenue		
Foundation works and superstructure building works	**199,228**	215,692
Other income and net gains/(losses)		
Interest income	**1,222**	34
Loss on disposal of property, plant and equipment	**–**	(8)
Adjustment for disposal of debt instrument at FVTOCI	**(7)**	–
Fair value gain on available-for-sale financial asset (transfer from equity on disposal)	**–**	31
Sundry income	**297**	81
	1,512	138

Segment information

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:

	2019	2018
	HK$'000	*HK$'000*
Customer I	**68,237**	N/A[1]
Customer II	**63,872**	44,037
Customer III	**N/A[1]**	30,014
Customer IV	**N/A[1]**	27,141
Customer V	**24,877**	N/A[1]

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

4. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before taxation has been arrived at after charging:

	2019	2018
	HK$'000	*HK$'000*
Auditors' remuneration	**998**	770
Depreciation of owned assets	**937**	1,610
Depreciation of assets under finance leases	**–**	21
Reversal of impairment losses on trade receivables	**(10)**	–
Reversal of impairment losses on contract assets	**(9)**	–
Provision for impairment losses on other receivables and deposits	**23**	–
Listing expenses	**–**	18,866
Operating lease rental in respect of:		
— equipment and machinery	**1,877**	1,108
— office premise	**599**	599
— director's quarter (included in director's emoluments)	**300**	294
— others	**13**	32
Staff costs (including directors' emoluments)	**23,992**	22,758

5. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Hong Kong Profit Tax		
Current income tax	**441**	6,427
Overprovision in prior year	**(20)**	–
Deferred income tax	**1,021**	(73)
Income tax expense	**1,442**	6,354

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 March 2018.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from the current year, one of the subsidiaries of the Company is subject to Hong Kong Profits Tax at the rate of 8.25% for the first HK$2 million of estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. Other subsidiaries of the Company are subjected to Hong Kong Profits Tax at the rate of 16.5% for the year ended 31 March 2019.

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

6. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share of the year ended 31 March 2019 is based on the loss for the year of approximately HK$10,814,000 (2018: profit for the year of approximately HK$10,728,000) and the weighted average number of ordinary shares in issue during the year ended 31 March 2019 of approximately 264,000,000 (2018: approximately 198,542,000). No diluted earnings per share is presented for both years as there was no potential ordinary share outstanding.

7. DIVIDENDS

No dividend was proposed or paid by the Board for the year ended 31 March 2019 (2018: Nil).

8. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**37,761**	34,454
Less: Provision for impairment losses on trade receivables	**(23)**	–
	37,738	34,454
Retention receivables*	**–**	31,878
Other receivables, deposits and prepayments	**21,287**	12,248
Less: Provision for impairment losses on other receivables and deposits	**(23)**	–
	21,264	44,126
	59,002	78,580

* Upon application of HKFRS 15, the retention receivables were reclassified to contract assets.

Notes:

(a) The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. The credit period granted to customers is 7 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:

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**13,474**	17,420
31–60 days	**19,472**	4,301
61–90 days	**341**	–
Over 90 days	**4,474**	12,733
	37,761	34,454

9. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**16,101**	14,665
Accruals and other payables	**10,705**	20,685
Deposits received	**–**	416
	26,806	35,766

Note:

(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:

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**9,732**	12,195
31–60 days	**6,178**	1,537
61–90 days	**113**	633
Over 90 days	**78**	300
	16,101	14,665

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our 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 were listed on the Main Board of the Stock Exchange (the "**Listing**") on 29 March 2018 (the "**Listing Date**").

As at 31 March 2019, we had 6 contracts on hand with a total original contract value of approximately HK$336.8 million. As at 31 March 2018, we had 18 contracts on hand with a total original contract value of approximately HK$724.8 million.

The general outlook for the industry is that growth depends on the support by Government investment in infrastructure and property construction projects. The year ended 31 March 2019 was a year full of challenges to the industry and the Group. The fierce competition within the market coupled with tight labour supply and increased costs of labour and raw materials affected the Group's success in the tenders as well as the gross profit and gross profit margin of the projects. The Directors are of the view that the business environment in which the Group operates becomes tough and the Group's gross profit and gross profit margin will continue under pressure from low bidding price on the tenders, which will in turn affect the business performance of the Group. Nevertheless, with the promotion of the Group's operating subsidiary, Wise Trend Engineering Limited, to the Approved Contractor List in the building category to Group A from Group A (probationary status) maintained by the Development Bureau in March 2019, the Group is still confident in maintaining our competitiveness and the Directors will closely monitor the market in order to respond to changes in the market conditions.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the Period amounted to approximately HK$199.2 million, i.e. about 7.6% less than that of approximately HK$215.7 million for the Previous Period. Such decline was mainly attributable to the decrease in the number of projects commenced during the Period as well as variation orders and prolonged completion periods of existing projects.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the Period amounted to approximately HK$8.0 million, representing a notable decrease of approximately 84.3% as compared to the Previous Period. The decrease was mainly due to the decrease in revenue for the Period as discussed above and an overall increase in direct costs as a result of (i) additional works with variation orders for the project at the Waterloo Road but the amount of such variation orders is still under negotiation with the relevant customer; (ii) prolonged completion periods of works for the project at Island Road due to change in building plans; and (iii) extra costs incurred due to unexpected complexity arose from construction works for the projects at the Carpenter Road, the Waterloo Road and the Lau Fau Shan. The Group's gross profit margin for the Period was approximately 4.0%, showing a decrease as compared with approximately 23.5% for the Previous Period. The decrease in gross profit margin was mainly caused by increase in direct costs for the Period as discussed above.

Other Income and Net Gains/(Losses)

Other income and net gains/(losses) mainly comprise interest income from fixed deposit placed with banks. During the Period, other income amounted to approximately HK$1.5 million (Previous Period: approximately HK$138,000).

Administrative and Other Operating Expenses

The administrative and other operating expenses of the Group for the Period amounted to approximately HK$18.9 million, representing a decrease of approximately 44.1% compared with approximately HK$33.7 million for the Previous Period, mainly due to the recognition of the Listing expenses in the Previous Period of approximately HK$18.9 million as compared to nil for the Period.

Income Tax Expense

Income tax expense decreased by approximately 77.3% from approximately HK$6.4 million for the Previous Period to approximately HK$1.4 million for the Period. Such decrease was mainly due to (i) decrease in gross profit for the Period as discussed above and (ii) tax effect of the non-deductible Listing expenses incurred for the Previous Period.

Net (Loss)/Profit

As a result of the aforesaid, and in particular the substantial decrease in gross profit, the Group reported a net loss for the Period of approximately HK$10.8 million, while the Group reported net profit of approximately HK$10.7 million for the Previous Period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity for the Period and capital requirements primarily through capital contributions and cash inflow generated from operating activities.

As at 31 March 2019, the Group had cash and bank balances of approximately HK$62.6 million (31 March 2018: approximately HK$103.1 million). The decrease was mainly due to (i) usage of the net proceeds received from the Listing; (ii) the decrease in trade and other payables of approximately HK$9.0 million as at 31 March 2019 compared to 31 March 2018 and (iii) the payment of collateral of surety bonds for projects newly awarded of approximately HK$6.7 million for the Period.

As at 31 March 2019, the share capital and equity attributable to owners of the Company amounted to approximately HK$2.6 million and HK$170.9 million (31 March 2018: approximately HK$2.6 million and HK$184.5 million respectively).

The current ratio increased from 5.8 times as at 31 March 2018 to 7.0 times as at 31 March 2019 mainly due to decrease in trade and other payables during the Period.

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.

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

During the Period, the Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries or associated companies.

EMPLOYEES

The Group had 42 employees (including full-time and casual employees who are paid on a daily basis) as at 31 March 2019 (31 March 2018: 43). Total staff costs included directors' emoluments for the Period amounted to approximately HK$24.0 million (Previous Period: approximately HK$22.8 million), salaries, wages and other staff benefits, contributions and retirement schemes, provisions for staff long service payment and untaken paid leave. 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 Group's operating results, the assessment of individual performance and market situation, and approved by the Board.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 31 March 2019 and 31 March 2018.

CONTINGENT LIABILITIES

Our subsidiary, Wise Trend Engineering Limited, is involved in a civil litigation, the details of which have been disclosed in the section headed "Business — Litigation and potential claims — Ongoing litigation with a customer" of the Prospectus. The civil litigation is ongoing as at the date of this announcement. Besides, our subsidiaries are involved in a number of potential claims relating to employees' compensation cases and personal injuries claims as well as summonses for safety-related incidents in the ordinary course of business as at the date of this announcement. The Directors considered that the possibility of any outflow in settling (i) the potential personal injuries claims was remote as these claims were well covered by insurance; and (ii) the summonses will be insignificant to the business of the Group. Accordingly, no provision for the contingent liabilities in respect of the potential personal injuries claims and the summonses is necessary after due consideration of each case. Save as disclosed above, the Group had no material contingent liabilities as at 31 March 2019 (31 March 2018: nil).

USE OF PROCEEDS FROM THE LISTING

The Shares of the Company have been listed on the Main Board of the Stock Exchange since the Listing Date. The total net proceeds (the "**Net Proceeds**") from the initial public offering amounted to approximately HK$73.5 million. The Net Proceeds were applied by the Group in accordance with the disclosure as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus. The below table sets out the use of the Net Proceeds and the unused amount from the Listing Date up to 31 March 2019:

	Planned use of the Net Proceeds *HK$'000*	**Actual use of the Net Proceeds from the Listing Date to 31 March 2019** *HK$'000*	**Unused amount Up to 31 March 2019** *HK$'000*
Hiring of additional staff	11,600	1,553	10,047
Acquisition of additional machinery and equipment	54,900	8,760	46,140
General Working Capital	7,000	7,000	–
	73,500	17,313	56,187

The Net Proceeds that were not applied immediately have been placed in the short-term demand deposits with licensed banks in Hong Kong as at the date of this announcement.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Period (2018: nil).

EVENTS AFTER THE PERIOD

The Directors confirm that there was no significant event relevant to the business or financial performance of the Group that came to the attention of the Directors after the Period and up to the date of this announcement.

CORPORATE GOVERNANCE CODE

The Company has applied the principles and all relevant code provisions (the "**Code Provisions**") as set out under the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules during the Period and up to the date of this announcement. 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. To the best of the knowledge of the Board, during the Period and up to the date of this announcement, 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 Issuers (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 and up to the date of this announcement.

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 summarised in Appendix IV to the Prospectus. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and services providers of our Group and to promote the business of our Group. As at the date of this announcement, the total number of shares available for issue under the Share Option Scheme was 26,400,000 Shares, representing 10% of the entire issued share capital of the Company. No share option has been granted, exercised, cancelled or lapsed since its effective date and up to the date of this announcement.

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

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the Period and up to the date of this announcement.

COMPETING INTERESTS

The Directors confirm that none of the controlling shareholders of the Company or the Directors and their respective close associates (as defined in the Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business during the Period and up to the date of this announcement, and that is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

COMPLIANCE ADVISER'S INTERESTS

As notified by the Company's compliance adviser, Grande Capital Limited (the "**Compliance Adviser**"), as at 31 March 2019, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 28 February 2018, the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company, which is required to be notified to the Company pursuant to the Listing Rules.

AUDIT COMMITTEE REVIEW

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 Group's consolidated financial statements for the Period have been reviewed and approved by the Audit Committee. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules during the Period and up to the date of this announcement

ANNUAL GENERAL MEETING

The notice of the annual general meeting will be published in the Company's website and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.wangyang.com.hk. The annual report of the Company for the Period containing all information required by the Listing Rules will be despatched to shareholders and will also be published on the websites of both the Stock Exchange and the Company in due course.

By Order of the Board
Wang Yang Holdings Limited
Tsui Kwok Ying
Chairman and non-executive Director

Hong Kong, 31 May 2019

As at the date of this announcement, the Board comprises Mr. Ng Chi Bun Benjamin and Ms. Ng Chung Yan May as executive Directors; Ms. Tsui Kwok Ying (Chairman) as non-executive Director and Mr. Yau Chung Hang, Mr. Pong Kam Keung and Mr. Lo Ki Chiu as independent non-executive Directors.