

King Force Security Holdings Limited
冠輝保安控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8315

ANNUAL REPORT
2015

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. Fu Yik Lung (*Chairman*)
Ms. Liu Lai Ying (*Chief Executive Officer*)
Ms. Chung Pui Yee Shirley
Mr. Zhang Chengzhou (*appointed as a non-executive Director on 12 March 2015 and redesignated to an executive Director on 21 April 2015*)

Independent Non-executive Directors:

Mr. Law Yiu Sing
Professor Lam Sing Kwong Simon
Mr. Ong Chi King

AUDIT COMMITTEE

Mr. Law Yiu Sing (*Chairman*)
Professor Lam Sing Kwong Simon
Mr. Ong Chi King

REMUNERATION COMMITTEE

Mr. Ong Chi King (*Chairman*)
Mr. Fu Yik Lung
Mr. Law Yiu Sing
Professor Lam Sing Kwong Simon

NOMINATION COMMITTEE

Mr. Fu Yik Lung (*Chairman*)
Mr. Law Yiu Sing
Professor Lam Sing Kwong Simon
Mr. Ong Chi King

COMPANY SECRETARY

Ms. So Hau Kit

AUTHORISED REPRESENTATIVES

Mr. Fu Yik Lung
Ms. Liu Lai Ying

INDEPENDENT AUDITOR

BDO Limited

COMPLIANCE ADVISER

TC Capital Asia Limited

LEGAL ADVISER

As to Hong Kong Law
Loong & Yeung

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HEADQUARTER

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So Tao Centre
Nos. 11-15 Kwai Sau Road
Kwai Chung
New Territories
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

Suites 2001-2006, 20th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Appleby Trust (Cayman) Ltd.
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Kwai Chung Branch

Standard Chartered Bank
Kwai Chung Branch

COMPANY WEBSITE

www.kingforce.com.hk

STOCK CODE

08315

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 March 2015 (the “Reporting Period”) amounted to approximately HK\$130.3 million (for the year ended 31 March 2014: HK\$111.1 million).
- Profit attributable to the owners of the Company for the year ended 31 March 2015 amounted to approximately HK\$2.9 million (for the year ended 31 March 2014: approximately HK\$8.4 million).
- Basic and diluted earnings per share for the year ended 31 March 2015 amounted to approximately HK0.49 cents (for the year ended 31 March 2014: HK1.58 cents).
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2015 (for the year ended 31 March 2014: nil).

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present to our valued shareholders and investors the annual report of the Group for the financial year ended 31 March 2015.

The shares of our Company (the "Shares") were listed on the GEM of the Stock Exchange on 20 August 2014 (the "Listing"). On behalf of the Board, I would like to thank all the professional parties involved and our staff for their contribution to the successful listing. The Listing has strengthened our financial position and raised additional capital for our future development. Besides, it also provided a good opportunity to strengthen our internal control function and further promote our Group as a well-organised establishment to the general public.

The year ended 31 March 2015 was a milestone year for the Group and the success of the Listing is a breakthrough to our achievement and our continuous efforts in carrying out our expansion.

Upon Listing, the Group has been continuously expanding its operation scale by employing additional security guards, officers and management. Meanwhile, the Group strived to improve our management over the sizeable work force. To achieve it, since April 2015, the Group has started using a mobile app system with global positioning system that can be used for the purpose of keeping track of security guards. With further development on such app system, we expect a more comprehensive usage, such as reporting complaints and incidents, and allowing employees to check their own rosters and salary payment records, will be available to the Group and can further improve our management efficiency.

In addition to our manned security services, intelligence building automation system is a growing trend in Hong Kong. More and more software and information technology system are required to be utilized when providing security guarding services to the clients. To cope with such trend, the Company will be subscribing equity interests of and forming a joint venture with the holding company of Shenzhen Weiyohui, which is principally engaged in the research and development and sales of computer and mobile software and other IT solution, so as to further improve our existing services and explore new business opportunities. The proposed principal business of the joint venture will be to research and develop security system software for intelligence building automation system.

In conclusion, on behalf of the Board, I would like to express my sincere gratitude to our shareholders, business partners and others who have extended their invaluable support to the Group and my fellow directors and all staff for their considerable contributions to the Group.

Fu Yik Lung
Chairman

Hong Kong, 26 June 2015

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is principally engaged in the provision of manned security guarding services and it is licensed to provide security guarding services in Hong Kong under Type I security work in accordance with the Security Company License regime. The Group operates under the name "KING FORCE" and the services it offers aim to protect the safety and assets of its customers. The security guarding services offered by the Group include patrolling, access control at the lobby entrance, making entrance records of visitors and stopping trespassers, handling and reporting complaints. The Group also provides guarding and personal escorting services and crowd management services in various events, occasions, exhibitions, ceremonies and press conferences. With over nine years of experience in manned security guarding services in Hong Kong, the Group has established goodwill in its security guarding services. The Group is dedicated to providing quality manned security guarding services and it is accredited with ISO 9001:2008 (quality management system standard) for its design and provision of security guarding services awarded by the Hong Kong Quality Assurance Agency. To ensure its quality of services, the Group provides guidance and trainings to its security guards and conducts supervision on its security guards. With continued effort, the Group has established a broad customer base. For the year ended 31 March 2015, the Group had 429 customers, including property management companies, schools, warehouse operators, property redevelopers and construction companies.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2014 and 2015, the Group's revenue was principally generated from the provision of manned security guarding services in Hong Kong. The following table sets forth the breakdown of the Group's revenue by the types of contracts for the year ended 31 March 2014 and 2015:

	Year ended 31 March			
	HK\$'000	2015 Percentage	HK\$'000	2014 Percentage
Manned security guarding services				
– Fixed	107,241	82.3	90,025	81.1
– Temporary	4,237	3.3	2,400	2.1
– Event	18,824	14.4	18,634	16.8
Total	130,302	100.0	111,059	100.0

Note: Fixed positions refer to contracts for term with a term more than 6 months while for temporary positions, they refer to contracts with a term less than 6 months.

The Group's overall revenue increased by approximately HK\$19.2 million or 17.3% from HK\$111.1 million for the year ended 31 March 2014 to approximately HK\$130.3 million for the year ended 31 March 2015. The increase in revenue is mainly due to (i) the increase in the number of fixed manned security guarding service contracts by 7.9%; (ii) the increase in the number of temporary manned security guarding service contracts by 3.6%; and (iii) the general increase in the service fees charged by the Group as a result of the increase in the guard costs and administrative fees as a result of the general inflation.

Cost of services rendered

For the year ended 31 March 2014 and 2015, cost of services rendered, which mainly consists of direct guard cost, was approximately HK\$88.0 million and HK\$105.5 million, respectively, representing approximately 79.2% and 81.0% of the Group's revenue, respectively. Such increase was primarily attributable to the expansion of the Group with more guards as well as the increase in salaries to attract staff in view of the shortage of guards and high staff turnover rate in the security guarding service industry. Meanwhile, the size of the Group's operation department was also expanded by hiring additional patrol officers and control officers.

As at 31 March 2015, the Group had a total of 1,141 employees, of which 1,096 were full-time and part-time guards providing manned security guarding and related services.

Gross profit

The Group's gross profit increased by approximately HK\$1.8 million or 7.8% from approximately HK\$23.0 million for the year ended 31 March 2014 to approximately HK\$24.8 million for the year ended 31 March 2015 while the Group's gross profit margin decreased from approximately 20.7% for the year ended 31 March 2014 to approximately 19.0% for the year ended 31 March 2015. The decrease in gross profit margin was mainly due to (i) the presence of a particular event manned security services contract with relatively high margin for the year ended 31 March 2014; and (ii) the services fees charged in 2014 was relatively stable while the average actual hourly wage of guards kept growing.

Administrative expenses

The Group's administrative expenses increased by approximately HK\$9.3 million or 120.8% from approximately HK\$7.7 million for the year ended 31 March 2014 to HK\$17.0 million for the year ended 31 March 2015. The increase in the Group's administrative expenses were mainly due to the increase in the operation scale, advertisement expenses and legal and professional fee upon the Listing.

Other operating expenses

Other operating expenses for the year ended 31 March 2015 amounted to approximately HK\$3.6 million (for the year ended 31 March 2014: approximately HK\$3.8 million). The Group's other operating expenses primarily consist of listing expenses in relation to the Listing, which is non-recurring in nature and mainly comprises professional fees paid to the parties for their services in connection to such regard.

Finance costs

The Group's finance costs decreased by approximately HK\$0.8 million or 72.7% from HK\$1.1 million for the year ended 31 March 2014 to HK\$0.3 million for the year ended 31 March 2015. The decrease in the finance costs was mainly due to the repayment of the Group's bank borrowing during the year ended 31 March 2015.

Profit for the year

Profit attributable to owners of the Company for the year decreased by approximately HK\$5.5 million or 65.5% from approximately HK\$8.4 million for the year ended 31 March 2014 to HK\$2.9 million for the year ended 31 March 2015. The Group's net profit margin decreased from approximately 7.5% for the year ended 31 March 2014 to approximately 2.2% for the year ended 31 March of 2015. The decrease in the Group's profit for the year was mainly due to the increase in the administrative expenses while partly offset by the increase in gross profit as discussed above.

Services Contracts

During the year ended 31 March 2015, the Group had entered into 506 new or renewed contracts, of which 302, 29 and 175 are fixed, temporary and event security guarding services contracts respectively. As at 31 March 2015, the Group had a total number of 462 unexpired security guarding services contracts.

OUTLOOK

The Listing of the Company on GEM of the Stock Exchange on 20 August 2014 (the “Listing Date”) marked an important milestone in the history of the Group and opened up new opportunities for the Group’s development in the future.

The Group intends to achieve expansion in business, in particular the fixed manned security contracts which provide stable and regular income streams, with a strategy by ensuring a quality pool of guards are available at their expense, broadening its customer base with improved branding and image of the Group, and increasing its profitability of all types of services provided by way of better pricing due to higher service quality.

The Group intends to achieve expansion in business and maintain its competitiveness in the security guarding services industry in Hong Kong by recruiting and expanding the security guarding and patrol team, strengthening staff recruitment and in-house training, expanding the sales and marketing department and uplifting marketing effect, and increasing of operational efficiency and enhancing quality of service.

To cope with the business objective and expansion of the Group, the Group has expanded its operation team by having additional patrol officers and control officers and recruited an in-house trainer in September 2014, who is mainly responsible for the internal training of its guard. In December 2014, the Group appointed a new general manager with extensive experience in the Hong Kong Police Force. The Directors consider this can further enhance the Group’s reputation by improving its quality of manned security guarding services. Meanwhile, the Group plans to recruit additional operation managers to supervise its guards and to strengthen and expand its business in the security services industry.

In December 2014, the Group has commenced the operation of its new recruitment centre in Wanchai. The Group considers that the establishment of the recruitment centre in Wanchai will facilitate the recruitment of guards for the guarding post located in the Hong Kong Island in view of the difficulties in recruiting guards according to the Group’s experience. Further, the Group also plans to invest more resources in job advertisements, participation in employment fairs, recruitment websites and referrals from external training centre to facilitate the recruitment of staff.

In April 2015, the Group has entered into a software leasing agreement with an independent third party to develop and lease the using right of a mobile app system with global positioning system and radio-frequency identification technology that can be used for the purpose of keeping track of security guards, reporting complaints and incidents, and allowing employees to check their own rosters and salary payment records. The Directors consider the system will allow the Group to keep track of and manage the sizeable work force more efficiently and reduce the manpower for administrative purpose. As at the date of this report, the function of keeping track of security guards has commenced.

In April 2015, the Group has entered into a subscription agreement with MAGN Investment Limited (“MAGN”) conditionally agreed to subscribe 20% of the enlarged issued shares of MAGN. MAGN is an investment holding company of Shenzhen Weiyuhui, which is principally engaged in the research and development and sales of computer and mobile software and other IT solution. As a condition precedent, the Group agreed to establish a joint venture with MAGN, as to research and develop security system software for intelligence building automation system. With such move, the Group will be able to cope with the growing trend of intelligence building automation system in Hong Kong.

The Group will also continue to strengthen its efforts in promoting its reputation and corporate image and use its best endeavours in identifying new business opportunities and achieving satisfactory returns for the shareholders of the Company.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

As at 31 March 2015, the share capital and equity attributable to owners of the Company amounted to approximately HK\$6.4 million and HK\$55.8 million respectively (as at 31 March 2014: approximately HK\$7,800 and HK\$19.7 million respectively).

Cash position

As at 31 March 2015, the cash at banks and in hand of the Group amounted to approximately HK\$33.8 million (as at 31 March 2014: approximately HK\$3.4 million), representing an increase of approximately HK\$30.4 million as compared to that as at 31 March 2014.

Bank borrowings

As at 31 March 2015, the Group did not have any bank borrowings. (as at 31 March 2014: approximately HK\$6.3 million).

Charges over Assets of the Group

As at 31 March 2015, none of the Group's leasehold land and buildings under property, plant and equipment was pledged (as at 31 March 2014: approximately HK\$5.8 million).

Gearing ratio

As at 31 March 2015, the gearing ratio of the Group was approximately 0% (as at 31 March 2014: approximately 34.4%). The gearing ratio is calculated based on the total debt at the end of the Reporting Period divided by the total equity at the end of the respective period. Total debt includes bank borrowings, bank overdrafts and obligations under finance leases. As at 31 March 2015, the Group did not have any bank borrowings.

Capital Expenditure

The Group purchased property, plant and equipment amounting to approximately HK\$5.0 million for the year ended 31 March 2015 which mainly comprises of acquisition of vehicles (for the year ended 31 March 2014: approximately HK\$0.6 million).

Capital Commitments

As at 31 March 2015, the Group did not have any capital commitments. (as at 31 March 2014: approximately HK\$0.8 million).

Foreign Exchange Risk

The Group's business operations are conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollar. During the year ended 31 March 2015, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates between the currencies.

The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the year ended 31 March 2015.

Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies, and Plans for Material Investments or Capital Assets

Apart from the reorganisation in relation to the Listing, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 March 2015. Save for the business plan as disclosed in the prospectus of the Company dated 13 August 2014 (the "Prospectus"), there is no plan for material investments or capital assets as at 31 March 2015.

Contingent Liabilities

As at 31 March 2015, the Group had no material contingent liabilities (as at 31 March 2014: nil).

Employees and Remuneration Policy

The Group had 1,141 employees (including Directors) as at 31 March 2015 (as at 31 March 2014: 1,146 employees). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages were subject to review on a regular basis. The emoluments of the Directors and senior management were reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

SHARE OPTION SCHEME

The Company has adopted the share option scheme (the "Scheme") on 31 July 2014 which will remain in force for a period of 10 years from the effective date of the Scheme. The purpose of the Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to it. The Directors consider the Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. The principal terms of the Scheme are summarised in the section headed "Share Option Scheme" in Appendix V to the Prospectus.

For the year ended 31 March 2015, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Scheme.

DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 March 2015 (for the year ended 31 March 2014: Nil).

USE OF PROCEEDS FROM THE LISTING

The net proceeds from the listing of the Shares by way of placing on the GEM of the Stock Exchange (the "Placing") were approximately HK\$33.0 million, which was based on the final placing price of HK\$0.385 per share and the actual expenses related to the Listing. Accordingly, the Group adjusts the use of proceeds in the same manner and proportion as shown in the Prospectus.

The Company intends to use the net proceeds from the Placing for the following purposes:

- (i) Approximately 6.4% is expected to be used for repayment of bank borrowings;
- (ii) Approximately 31.9% is expected to be used for recruiting and expanding the security guarding and patrol team;
- (iii) Approximately 37.8% is expected to be used for strengthening staff recruitment and training;
- (iv) Approximately 7.6% is expected to be used for expanding the sales and marketing department and uplifting marketing effort;
- (v) Approximately 6.7% is expected to be used for continuing to increase operational efficiency and enhance quality of service; and
- (vi) Approximately 9.7% is expected to be used for general working capital.

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress from the Listing Date to 31 March 2015.

Business plan as set out in the Prospectus

Progress up to 31 March 2015

Recruiting and expanding the security guarding and patrol team

Recruitment of new security guards

The Group has employed 408 new security guards

Recruitment of new patrol officers

The Group has employed 8 new patrol officers

Strengthening staff recruitment and training

Enhancement of the recruitment and training centre

In December 2014, the Group has commenced the operation of its new recruitment centre in Wanchai

Recruitment of trainers

The Group has employed 4 in-house trainers

Recruitment of operation manager

The Group has employed a operation manager

Investment in job advertisements, participation in employment fairs, recruitment websites and referrals from outside training centre

The Group has increased its efforts in job advertisement for recruiting of guards

Expanding the sales and marketing department and uplifting marketing effort

Recruitment of two new sales and marketing staff

The Group has employed a new sales and marketing staff

Strengthen marketing efforts such as to place printed and online advertisements, promote brands and services via different channels

The Group has increased its marketing efforts such as promoting its brands in online advertisements

Continuous increasing of operational efficiency and enhancing quality of service

Acquisition of patrol vehicles

The Group has acquired 4 additional patrol vehicles

Maintenance of I.T. system

The Group has been continuously upgrading its I.T. system

The net proceeds from the Placing for the year ended 31 March 2015 had been applied as follows:

	Use of proceeds as shown in the Prospectus from the Listing Date to 31 March 2015 HK\$'000	Actual use of proceeds from the Listing Date to the 31 March 2015 HK\$'000
Repayment of bank borrowings	2,102	2,531
Recruiting and expanding the security guarding and patrol team	2,102	2,029
Strengthening staff recruitment and training	719	520
Expanding the sales and marketing department and uplifting marketing effort	498	205
Continuous increasing of operational efficiency and enhancing quality of service	443	1,303
General working capital	3,209	3,179
Total	9,073	9,767

The Directors will constantly evaluate the Group's business objective and will change or modify plans against the changing market condition to ascertain the business growth of the Group.

All the unutilised balances have been placed in licensed banks in Hong Kong.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Fu Yik Lung (傅奕龍)

Mr. Fu Yik Lung (傅奕龍), aged 39, is the chairman of the Board, the founder of the Group and a controlling shareholder of the Company. He was first appointed as a Director on 2 January 2014, and was redesignated to an executive Director on 12 May 2014. Mr. Fu is responsible for the overall strategic management and development of the Group's business operations.

Mr. Fu completed his secondary education (up to the Hong Kong Certificate of Education Examination level) in Hong Kong in 1995. Mr. Fu has over 14 years of extensive experience in the security guarding services industry. Before setting up his own business by acquiring interests in King Force Security and founded the Group in 2005, Mr. Fu worked as an assistant operations manager at Underwriter Security Limited from August 2000 to July 2004 and was responsible for planning and overseeing of daily operations of security guards, handling customers complaints and disciplinary actions, and the establishment and implementation of corrective measures. Mr. Fu is currently a holder of SPP for category A and category B security work.

Mr. Fu is the spouse of Ms. Liu and he is a director of all subsidiaries of the Company.

Ms. Liu Lai Ying (廖麗瑩)

Ms. Liu Lai Ying (廖麗瑩), aged 33, is the chief executive officer of the Group. She was appointed as an executive Director on 12 May 2014. Ms. Liu is responsible for overseeing the Group's operation, business development, customer support, quality assurance, public affairs, finance and administration.

Ms. Liu completed her secondary education in Hong Kong in 2000. Ms. Liu has nearly 12 years of experience in marketing, accounting and administrative management. From September 2002 to April 2004, Ms. Liu had worked as a marketing assistant at Underwriter Security Limited and a senior account executive at Guangdong United Progress Wooltex Hong Kong Office Limited from May 2004 to February 2010. In previous jobs, she was responsible for identifying potential clients and the preparation of tenders and quotations for the provision of security guarding services and customer handling. Ms. Liu is the spouse of Mr. Fu.

Ms. Chung Pui Yee Shirley (鍾佩儀)

Ms. Chung Pui Yee Shirley (鍾佩儀), aged 41, was appointed as an executive Director on 12 May 2014. She completed her secondary education in Hong Kong in 1991.

Ms. Chung has over 15 years of experience in operational and administrative management. Prior to joining our Group in 2010, she has worked as an administrative assistant in various companies, including Right Point (Hong Kong) Limited, GSI Genius International Limited, Phoenix Satellite Television Company Limited and Ego Finance Limited.

Mr. Zhang Chengzhou (張承周)

Mr. Zhang Chengzhou (張承周), aged 35, was appointed as a non-executive director in March 2015 and later redesignated to an executive director in April 2015. He graduated from Beijing Institute of Business (北京工商學院) with a bachelor degree of Business Administration in July 2006. Mr. Zhang has served as the vice president of Guangdong Small and Medium Enterprises Fund Raising and IPO Promotion Association* (廣東中小企業融資與上市促進會) since June 2014. Mr. Zhang has extensive experience in the corporate finance sector and prior to joining the Company, he has held various senior management roles in renowned investment companies and information technology corporations.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Law Yiu Sing (羅耀昇)

Mr. Law Yiu Sing (羅耀昇), aged 47, was appointed as an independent non-executive Director on 31 July 2014. Mr. Law has been a certified practising accountant of the CPA Australia since 2005, a certified public accountant of the Hong Kong Institute of Certified Public Accountants since 2006, and a certified tax adviser of the Taxation Institute of Hong Kong since 2010.

Mr. Law obtained a bachelor's degree of engineering from the Concordia University in Canada in 1990. He later completed a master degree in business administration in the University of Hong Kong in 1999 and completed a master degree of practicing accounting in Monash University in Australia in 2004. Mr. Law also obtained a graduate diploma in English and Hong Kong law (Common Professional Examination) from the Manchester Metropolitan University in 2009. Mr. Law is also a founding member of the Institute of Accountants Exchange.

Mr. Law has over 20 years of experience in the field of corporate finance and financial and business management.

Mr. Law is currently the deputy general manager of Vision Fame International Holdings Limited (stock code: 1315), the shares of which are listed on the Main Board.

Mr. Law is currently an independent non-executive director of Glory Flame Holdings Limited (stock code: 8059), the shares of which are listed on GEM.

Professor Lam Sing Kwong Simon (林誠光)

Professor Lam Sing Kwong Simon (林誠光), aged 56, was appointed as an independent non-executive Director on 31 July 2014.

Professor Lam obtained a doctorate degree in commerce from the Faculty of Economics and Commerce at The Australian National University in Australia in April 1996. Professor Lam joined The University of Hong Kong as a full-time teaching staff in September 1989 and is now the professor of management at the Faculty of Business and Economics of The University of Hong Kong. He has published a number of academic papers and case analysis in the topics of corporate strategy, organisation development and operations management.

Before joining The University of Hong Kong, Professor Lam had worked as a regional support manager for the Canadian Imperial Bank of Commerce from 1987 to 1989.

Professor Lam is currently an independent non-executive director of Overseas Chinese Town (Asia) Holdings Limited (stock code: 3366), Jin Cai Holdings Company Limited (stock code: 1250), Sinomax Group Limited (stock code: 1418) and Chun Sing Engineering Holdings Limited (stock code: 2277), the shares of all of which are listed on the Main Board. Professor Lam is also an independent non-executive director of Glory Flame Holdings Limited (stock code: 8059) and Kwan On Holdings Limited (stock code: 8305), the shares of all of which are listed on GEM.

Mr. Ong Chi King (王子敬)

Mr. Ong Chi King (王子敬), aged 41, was appointed as an independent non-executive Director on 31 July 2014. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Ong received a bachelor degree in business administration from The Hong Kong University of Science and Technology in Hong Kong and a master degree in corporate finance from The Hong Kong Polytechnic University in Hong Kong. Mr. Ong has over 18 years of experience in accounting, finance and company secretarial fields and held senior positions in finance and company secretarial departments in various companies listed on the Main Board.

Mr. Ong is currently the company secretary of Yue Da Mining Holdings Limited (stock code: 629), the shares of which are listed on the Main Board. He is currently also an independent non-executive director of Capital VC Limited (stock code: 2324), China Environmental Resources Group Limited (stock code: 1130) and Hong Kong Education (Int'l) Investments Limited (stock code: 1082), the shares of all of which are listed on the Main Board, respectively. He is currently also an independent non-executive director of KSL Holdings Limited (stock code: 8170), Larry Jewelry International Company Limited (stock code: 8351) and WLS Holdings Limited (stock code: 8021), the shares of all of which are listed on GEM, respectively.

SENIOR MANAGEMENT

Mr. Hung Tai Wai David (洪大偉)

Mr. Hung Tai Wai David (洪大偉), aged 56, graduated from The Open University of Hong Kong with a bachelor degree in Social Science in 2003 and has obtained a higher diploma in Psychology from The Open University of Hong Kong in 2002. Prior to joining the Company, Mr. Hung had accumulated 33 years of extensive experience in the Hong Kong Police Force and had served as a senior inspector before he retired in August 2014. He had also taken various roles including trainer of the junior police officer development learning division of professional development learning centre of Hong Kong Police College.

COMPANY SECRETARY

Ms. So Hau Kit (蘇巧潔)

Ms. So Hau Kit (蘇巧潔), aged 37, was appointed as the company secretary of the Company on 12 May 2014. Ms. So is a director of Wonder World Corporate Services Limited with over 10 years of experience in company secretarial services and commercial solutions. Ms. So is an associate member of The Hong Kong Institute of Chartered Secretaries and also an associate member of The Institute of Chartered Secretaries and Administrators. She obtained a Master of Corporate Governance and a Bachelor of Business Administration from the Open University, Hong Kong.

Ms. So is currently a company secretary of Yat Sing Holdings Limited (stock code: 3708), the shares of which are listed on the Main Board.

DIRECTORS' REPORT

The Board is pleased to present the first annual report together with the audited consolidated financial statements for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activity of the Company and its subsidiaries is the provision of security guarding services in Hong Kong.

There were no significant changes in the nature of the Group's activities during the year ended 31 March 2015.

RESULT AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 33.

The Board did not recommend payment of final dividend to shareholders of the Company for the year ended 31 March 2015.

CLOSURE OF REGISTER OF MEMBERS

As the forthcoming annual general meeting of the Company (the "AGM") will be held on 1 September 2015 (Tuesday), the register of members of the Company will be closed from 31 August 2015 (Monday) to 1 September 2015 (Tuesday) (both days inclusive) for the said AGM or any adjournment thereof. All transfer of the Company's Shares together with the relevant share certificates must be lodged with the Company's branch share registrar and transfer office no later than 4:30 p.m. on 28 August 2015 (Friday) in order to qualify for the right to attend and vote at the meeting (or any adjournment thereof). The share registrar and transfer office is at:

Address: Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past three financial years are set out on page 70.

PROPERTY, PLANT AND EQUIPMENT

Details of movements of the property, plant and equipment of the Group during the Reporting Period are set out in note 15 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries during the Reporting Period are set out in note 20 to the consolidated financial statements.

SHARE CAPITAL AND SHARE PREMIUM

The Company's total issued share capital as at 31 March 2015 was 640,000,000 ordinary Shares of HK\$0.01 each.

Details of movements of the share capital and the share premium of the Company during the Reporting Period are set out in notes 24 and 25 to the consolidated financial statements, respectively.

EMOLUMENT POLICY FOR DIRECTORS

A 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. The remunerations of the Directors are determined with reference to the economic situation, the market condition, the responsibilities and duties assumed by each Director as well as their individual performance.

RESERVES

Details of movements of reserves of the Group are set out in the consolidated statement of changes in equity on page 36.

As of 31 March 2015, the reserves of the Company available for distribution, as calculated under the provisions of Cayman Islands' legislation, was approximately HK\$43.0 million (2014: nil).

SHARE OPTION SCHEME

The Company has conditionally adopted the Scheme on 31 July 2014. The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. Particulars of the Scheme which was adopted on 31 July 2014 are set out in note 26 to the consolidated financial statements.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 March 2015.

DIRECTORS

The Directors during the period from the Listing Date to 31 March 2015 (the "Review Period") and up to the date of this report were:

Executive Directors

Mr. Fu Yik Lung
Ms. Liu Lai Ying
Ms. Chung Pui Yee Shirley
Mr. Zhang Chengzhou (*appointed as a non-executive Director on 12 March 2015 and was re-designated to an executive Director on 21 April 2015*)

Independent non-executive Directors

Mr. Law Yiu Sing
Professor Lam Sing Kwong, Simon
Mr. Ong Chi King

The Directors' biographical details are set out in the section headed "Biographical Details of Directors and Senior Management" in this report.

Information regarding directors' emoluments is set out in note 28 to the consolidated financial statements.

An annual confirmation of independence pursuant to the requirements under Rule 5.09 of the GEM Listing Rules has been received from each of the independent non-executive Directors.

DIRECTORS' SERVICE CONTRACT

Mr. Fu Yik Lung, Ms. Liu Lai Ying and Ms. Chung Pui Yee Shirley have entered into service agreements with the Company for a term of three years commencing from the Listing Date, which may be terminated earlier by no less than three months written notice served by either party on the other.

Mr. Zhang Chengzhou has entered into a service agreement with the Company for a term of three years commencing from 21 April 2015, which may be terminated earlier by no less than three months written notice served by either party on the other.

Each of the independent non-executive Directors has entered into a service agreement with the Company for a term of three years commencing from the Listing Date, which may be terminated earlier by no less than three months written notice served by either party on the other.

Ms. Au Man Yi will enter into a service agreement with the Company to act as an independent non-executive Director for a terms of three years commencing from 1 July 2015, which may be terminated earlier by no less than three months written notice served by either party on the other.

No director proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation. The non-executive Director of the Company was appointed for a fixed period but subject to retirement from office and re-election at the AGM of the Company in accordance with the articles of association of the Company (the "Articles").

In accordance with Article 112 of the Articles, any director appointed by the Board either to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Pursuant to Article 108 of the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Pursuant to Article 112 of the Articles, Mr. Zhang Chengzhou and Ms. Au Man Yi and pursuant to Article 108, Mr. Fu Yik Lung, Ms. Liu Lai Ying and Ms. Chung Pui Yee Shirley will retire from office as Directors at the forthcoming AGM, and being eligible, offer themselves for re-election.

Each of the executive Directors shall also be entitled to discretionary bonus to be determined by the Board based on, among other things, the performance of the individual directors and the overall financial position of the Group, and is subject to the recommendation of the remuneration committee of the Company.

DISCLOSURE OF INTERESTS

A. Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporation

As at 31 March 2015, interests or short positions of the Directors, chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long Position in the Shares

Name of Directors	Capacity/Nature	Number of Shares held/interested in	Approximate percentage of shareholding
Mr. Fu Yik Lung ("Mr. Fu") (Note 1)	Interest in controlled corporation	348,000,000	54.375%
Ms. Liu Lai Ying ("Ms. Liu") (Note 2)	Interest of spouse	348,000,000	54.375%

Notes:

- Optimistic King Limited ("Optimistic King") holds 348,000,000 Shares. Mr. Fu beneficially owns the entire issued share capital of Optimistic King. Therefore, Mr. Fu is deemed, or taken to be, interested in all the Shares held by Optimistic King for the purpose of the SFO. Mr. Fu is the sole director of Optimistic King.
- Ms. Liu is the spouse of Mr. Fu. Accordingly, Ms. Liu is deemed or taken to be interested in all the Shares in which Mr. Fu is interested in for the purpose of the SFO.

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

Name of Director	Name of associated corporation	Capacity/Nature	Number of Shares held/interested in	Percentage of shareholding
Mr. Fu	Optimistic King	Beneficial owner	1	100%
Ms. Liu (Note)	Optimistic King	Interest of spouse	1	100%

Note: Ms. Liu is the spouse of Mr. Fu. Accordingly, Ms. Liu is deemed or taken to be interested in such share in Optimistic King in which Mr. Fu is interested in for the purpose of the SFO.

(iii) Short positions

As at 31 March 2015, none of the Directors or the chief executive nor their associates had any short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations.

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

Save as disclosed below, as at 31 March 2015 and so far as is known to the Directors, no person other than certain Directors or chief executive of the Company had any interests or short positions in the Shares and underlying Shares of the Company which were required to be recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Name of Shareholder	Capacity/Nature of interest	Number of Shares held/interested in	Long/short position	Approximate percentage of shareholdings
Optimistic King (<i>Note 1</i>)	Beneficial Owner	348,000,000	Long	54.375%
Gloria Power Limited ("Gloria Power")	Beneficial Owner	132,000,000	Long	20.625%
Mr. Chiu Chun Keung ("Mr. Chiu") (<i>Note 2</i>)	Interest of controlled corporation	132,000,000	Long	20.625%
Ms. Yung Wing Tao ("Ms. Yung") (<i>Note 3</i>)	Interest of spouse	132,000,000	Long	20.625%

Notes:

1. The entire issued share capital of Optimistic King is owned by Mr. Fu. Mr. Fu is also the sole director of Optimistic King.
2. Mr. Chiu beneficially owns the entire issued share capital of Gloria Power. Therefore, Mr. Chiu is deemed, or taken to be, interested in all the Shares held by Gloria Power for the purpose of the SFO. Mr. Chiu is the sole director of Gloria Power.
3. Ms. Yung is the spouse of Mr. Chiu. Accordingly, Ms. Yung is deemed, or taken to be, interested in all the Shares in which Mr. Chiu is interested in for the purpose of the SFO.

MAJOR CUSTOMERS

During the Reporting Period, the Group's five largest customers accounted for approximately 25.2% (2014: 24.6%) of the total revenue of the Group and the largest customer of the Group accounted for approximately 9.9% (2014: 9.6%) of the total revenue.

None of the Directors or any of their close associates, or any shareholder (which to the knowledge of the Directors own 5% or more of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

DIRECTORS' INTEREST IN CONTRACTS

Save for the related party transactions disclosed in note 31 to the consolidated financial statements, no contract of significance to which the Company, its holding Company or any of its subsidiaries was a party and in which a Director had a material interests directly or indirectly subsisted at the end of the Reporting Period or at any time during the Reporting Period.

MANAGEMENT CONTRACTS

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the section headed "Share Option Scheme" disclosed above, at no time during the year ended 31 March 2015 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 associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

CONNECTED TRANSACTIONS

The Company had not entered into any connected transaction during the Reporting Period which is required to be disclosed under the GEM Listing Rules. Related party transactions entered into by the Group during the Reporting Period are disclosed in Note 31 to the consolidated financial statements. The related party transactions set out in Note 31 to the consolidated financial statements were either discontinued before listing in August 2014, or fully exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

INTERESTS IN COMPETING BUSINESS

Having made specific enquiry of all Directors the controlling shareholders and substantial shareholders, all of them have confirmed that neither themselves nor their respective associates (as defined in the Listing Rules) had held any position or had interest in any businesses or companies that were or might be materially competing with the business of the Group, or gave rise to any concern regarding conflict of interests during the Reporting Period.

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

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

CORPORATE GOVERNANCE CODE

During the Review Period, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules (the "Code").

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares of the Company (the "Code of Conduct"). Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct during the Review Period.

INTEREST OF COMPLIANCE ADVISOR

As at 31 March 2015, as notified by the Company's compliance advisor, TC Capital Asia Limited (the "Compliance Advisor"), except for the compliance advisor agreement entered into between the Company and the Compliance Advisor dated 11 August 2014, neither the Compliance Advisor nor its directors, employees or its close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information that is publicly available to the Company, at least 25% of the Company's issued share capital were held by the public as at the date of this annual report.

AUDITOR

BDO Limited ("BDO") shall retire in the forthcoming AGM and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of BDO as auditor of the Company will be proposed at the forthcoming AGM. The Company has not changed its external auditor during the year ended 31 March 2015 and up to the date of this annual report.

AUDIT COMMITTEE

The Company has established an Audit Committee on 31 July 2014 with its written terms of reference in compliance with paragraphs C.3.3 and C.3.7 of the Code. The primary duties of the Audit Committee are to review and supervise the Group's financial reporting process and internal control system, nominate and monitor external auditors and to provide advice and comments to the Board on matters related to corporate governance. The Audit Committee consists of three members, namely Mr. Law Yiu Sing (Chairman), Prof. Lam Sing Kwong Simon and Mr. Ong Chi King.

EVENT AFTER THE REPORTING PERIOD

On 16 April 2015, the Group entered into an agreement with MAGN Investment Limited ("MAGN") pursuant to which the Group conditionally agreed to subscribe and MAGN conditionally agreed to issue new shares, representing 20% of the enlarged issued shares of MAGN, at a consideration of HK\$2 million in cash, subject to the terms and conditions of the agreement.

As a condition precedent to completion of the transactions contemplated under the agreement, the Group and MAGN agreed to establish a joint venture in the People's Republic of China. Both parties agreed to contribute RMB 5 million to the registered capital of the joint venture. For details of the transaction, please refer to the announcement of the Company dated 16 April 2015.

Save as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2015 and up to the date of this annual report.

On behalf of the Board
Fu Yik Lung
Chairman

Hong Kong, 26 June 2015

CORPORATE GOVERNANCE REPORT

The Board is pleased to present hereby the corporate governance report of the Company for the year ended 31 March 2015.

The Directors and the management of the Group recognise the importance of sound corporate governance to the long-term and continuing success of the Group. Therefore, the Board is committed to upholding good corporate standards and procedures for the best interest of the Company's shareholders.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Code sets out the principles of good corporate governance, code provisions and recommended best practices. Issuers are expected to comply with the code provisions or devise their own code on corporate governance on the terms they consider appropriate provided that considered reasons are given. During the Review Period, the Company had complied with the applicable code provisions of the Code as set out in Appendix 15 to the GEM Listing Rules.

BOARD OF DIRECTORS

The key responsibilities of the Board include formulation of the Group's overall strategies, the setting of management targets and supervision of management performance. The management is delegated with the authority and responsibility by the Board for the management and administration of the Group. In addition, the Board has also delegated various responsibilities to the board committees of the Company (the "Board Committees"). Further details of the Board Committees are set out in this annual report. Under the terms of reference, the duties of the Board in respect of corporate governance are as follows:

1. to develop and review the policies and practices on corporate governance of the Group and make recommendations;
2. to review and monitor the training and continuous professional development of Directors and senior management;
3. to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and
5. to review the Company's compliance with the Code as set out in Appendix 15 to the GEM Listing Rules and disclosure in the corporate governance report of the Company.

COMPOSITION OF THE BOARD

In compliance with rules 5.05(1) and 5.05A of the GEM Listing Rules, the Board consisted of three independent non-executive Directors during the Review Period. The number of independent non-executive Directors represents approximately 43% of the Board as of the date of this annual report which exceeds the minimum requirement under the GEM Listing Rules. In particular, as at the date of this report, the composition of the Board is set out as follow:

Executive Directors

Mr. Fu Yik Lung (*Chairman*)

Ms. Liu Lai Ying (*Chief Executive Officer*)

Ms. Chung Pui Yee Shirley

Mr. Zhang Chengzhou (*appointed on 12 March 2015 as a non-executive Director and was redesignated to an executive Director on 21 April 2015*)

Independent Non-executive Directors

Mr. Law Yiu Sing

Prof. Lam Sing Kwong Simon

Mr. Ong Chi King

The Company has signed a service agreement with each of the independent non-executive Directors as at the date of this annual report. The commencement date of each of the service agreement is the Listing Date for a term of three years, which may be terminated earlier by no less than three months written notice served by either party on the other.

Pursuant to Article 108 of the Articles, one-third of the Directors shall retire from office by rotation at each annual general meeting and every Director shall be subject to retirement by rotation at least once every 3 years. However, a retiring Director shall be eligible for re-election.

Ms. Au Man Yi will enter into a service agreement with the Company to act as an independent non-executive Director for a term of three years commencing from 1 July 2015, which may be terminated earlier by no less than three months written notice served by either party on the other.

Specific enquiry has been made by the Company to each of the independent non-executive Directors to confirm their independence. In this connection, the Company has received positive confirmations from all of the three independent non-executive Directors. Based on the confirmations received, the Company is of the view that all independent non-executive Directors are independent under the GEM Listing Rules.

Saved as disclosed in the section "Biographical Details of the Directors and Senior Management" in this annual report, there is no financial, business, family or other material or relevant relationship among members of the Board and senior management.

BOARD AND GENERAL MEETINGS

During the Review Period, five board meetings were held. Subsequent to the Review Period, three more board meetings were held between 1 April 2015 and the date of this annual report. The forthcoming AGM which will be held on 1 September 2015 is the first general meeting of the Company since the Listing.

The attendance of the respective Directors at the Board meetings are set out below:

	Attendance/Number of meetings between the date of Listing and 31 March 2015	Attendance/Number of meetings between 1 April 2015 and the date of the report
Executive Directors		
Mr. Fu Yik Lung (<i>Chairman</i>)	5/5	3/3
Ms. Liu Lai Ying (<i>Chief Executive Officer</i>)	5/5	3/3
Ms. Chung Pui Yee Shirley	5/5	2/3
Mr. Zhang Chengzhou (<i>Note</i>)	0/0	2/3
Independent non-executive Directors		
Mr. Law Yiu Sing	5/5	3/3
Prof. Lam Sing Kwong Simon	5/5	3/3
Mr. Ong Chi King	5/5	3/3

Note: Mr. Zhang Chengzhou was appointed on 12 March 2015 as a non-executive Director and was redesignated to an executive Director on 21 April 2015. No board meeting was held during his tenure between the Listing Date and 31 March 2015.

CODE OF CONDUCTS FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by Directors in respect of the Shares of the Company (the “Code of Conduct”). After specific enquiries by the Company, all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct during the Review Period.

DIRECTORS’ CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

The Group acknowledges the importance of adequate and ample continuing professional development for the Directors for a sound and effective internal control system and corporate governance. In this regard, the Group has always encouraged our Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance.

The Company has provided and all Directors have attended at least one training course on the updates of the GEM Listing Rules concerning good corporate governance practices. The Company will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the GEM Listing Rules. The Group has also adopted a policy to reimburse the Directors for any relevant training costs and expenses incurred concerning corporate governance and internal control.

BOARD COMMITTEES

The Board has established a number of functional committees in compliance with the relevant GEM Listing Rules and to assist the Board to discharge its duties. Currently, three committees have been established, i.e. the Audit Committee, the Nomination Committee and the Remuneration Committee. The functions and responsibilities of these committees have been set out in the relevant terms of reference which are of no less stringent than that stated in the Code. The relevant terms of reference of each of the three committees can be found on the Group’s websites (www.kingforce.com.hk). All committees have been provided with sufficient resources and support from the Group to discharge their duties.

AUDIT COMMITTEE

The Company has established the Audit Committee on 31 July 2014 with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, and paragraphs C.3.3 and C.3.7 of the Code. The members of the Audit Committee shall comprise non-executive Directors and shall be appointed or removed by the Board. If any member of the Audit Committee ceases to be a Director, he/she will cease to be a member of the Audit Committee automatically.

The Audit Committee must comprise a minimum of three members, at least one of whom is an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules. In addition, the majority of the Audit Committee shall be independent non-executive Directors. The Audit Committee currently comprises three members, namely Mr. Law Yiu Sing (Chairman of the Audit Committee), Prof. Lam Sing Kwong Simon and Mr. Ong Chi King, all of whom are independent non-executive Directors. In particular, Mr. Law is a certified practising accountant of the CPA Australia and a certified public accountant of the HKICPA, and Mr. Ong is a member of the HKICPA and a fellow member of the Association of Chartered Certified Accountants.

With reference to the terms of reference, the primary responsibilities of the Audit Committee are, among others (for the complete terms of reference please refer to the Group's website www.kingforce.com.hk):

1. to make recommendations to the Board on the appointment and re-appointment of the Company's external auditors, and approve the remuneration and terms of engagement of the Company's external auditors;
2. to review and monitor the Company's external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
3. to develop and implement policy on engaging the Company's external auditors to supply non-audit services, if any;
4. to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and review significant financial reporting judgments contained in them;
5. to discuss with the Company's external auditors questions and doubts arising in audit of annual accounts;
6. to review the letter of the Company's management from the Company's external auditors and the management's response;
7. to review the statement about the Company's internal control system as included in the Company's annual report prior to submission for the Board's approval;
8. to review the Company's financial reporting, financial controls, internal control and risk management system;
9. to discuss the internal control system with the Company's management to ensure that management has performed its duty to have an effective internal control system;
10. to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
11. to review the financial and accounting policies and practices of the Group;
12. to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; and
13. to report to the Board on that matters pursuant to the terms of reference of the Audit Committee and consider other topics as defined by the Board.

During the Review Period, the Audit Committee had reviewed the Group's interim results for the six months ended 30 September 2014 and the third quarterly results for the nine months ended 31 December 2014, and discussed about the internal controls and financial reporting matters of the Group. The Audit Committee had also reviewed audited annual results for the financial year ended 31 March 2015 and this report, and confirmed that this annual report complies with the applicable standard, the GEM Listing Rules, and other applicable legal requirements and that adequate disclosures have been made. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditors.

The Board is of the view that the Audit Committee had properly discharged its duties and responsibilities during the Review Period and up to the date of this annual report.

During the Review Period, the Audit Committee had held two meetings. Between 1 April 2015 and the date of this annual report, the Audit Committee has held one meeting, both of which with full attendance by all the members of the Audit Committee. The attendance records of the members of the Audit Committee are summarised below:

	Attendance/Number of meetings between the date of Listing and 31 March 2015	Attendance/Number of meetings between 1 April 2015 and the date of this report
Mr. Law Yiu Sing (<i>Chairman</i>)	2/2	1/1
Prof. Lam Sing Kwong Simon	2/2	1/1
Mr. Ong Chi King	2/2	1/1

REMUNERATION COMMITTEE

The Remuneration Committee was established on 31 July 2014 with terms of reference in compliance with paragraph B.1.2 of the Code. The Remuneration Committee comprises four members, namely Mr. Ong Chi King (Chairman of the Remuneration Committee), Mr. Fu Yik Lung, Mr. Law Yiu Sing and Prof. Lam Sing Kwong Simon. Mr. Ong, Mr. Law and Prof. Lam are independent non-executive Directors of the Company.

With reference to the terms of reference of the Remuneration Committee, the primary responsibilities of the Remuneration Committee include (for the complete terms of reference please refer to the Group's website (www.kingforce.com.hk):

1. consulting the chairman of the Board and/of chief executive about their remuneration proposals for other executive Directors;
2. making recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
3. reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;
4. making recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
5. making recommendations to the Board on the remuneration of non-executive Directors;
6. considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;
7. reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and
8. reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

The attendance records of the members of the Remuneration Committee are summarised below:

	Attendance/Number of meetings between the date of Listing and 31 March 2015	Attendance/Number of meetings between 1 April 2015 and the date of this annual report
Mr. Ong Chi King (<i>chairman</i>)	2/2	2/2
Mr. Fu Yik Lung	2/2	2/2
Mr. Law Yiu Sing	2/2	2/2
Prof. Lam Sing Kwong Simon	2/2	2/2

The Board is of the view that the Remuneration Committee had properly discharged its duties and responsibilities during the Review Period and up to the date of this annual report.

NOMINATION COMMITTEE

The Nomination Committee was established on 31 July 2014 with terms of reference in compliance with paragraph A.5.2 of the Code. The Nomination Committee comprises four members, namely Mr. Fu Yik Lung (Chairman of the Nomination Committee), Mr. Law Yiu Sing, Prof. Lam Sing Kwong Simon and Mr. Ong Chi King. Mr. Law, Prof. Lam and Mr. Ong are independent non-executive Directors and Mr. Fu is an executive Director.

With reference to the terms of reference the Nomination Committee, the primary responsibilities of the Nomination Committee include (for the complete terms of reference please refer to the Group's website www.kingforce.com.hk):

1. reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and making recommendations on proposed changes, if any, to the Board to complement the Company's corporate strategy;
2. reviewing the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;
3. identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
4. assessing the independence of independent non-executive Directors; and
5. making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

The Board is of the view that the Nomination Committee had properly discharged its duties and responsibilities during the Review Period and up to the date of this annual report.

The attendance records of the members of the Nomination committee are summarised below:

	Attendance/Number of meetings between the date of Listing and 31 March 2015	Attendance/Number of meetings between 1 April 2015 and the date of this annual report
Mr. Fu Yik Lung (<i>Chairman</i>)	2/2	2/2
Mr. Law Yiu Sing	2/2	2/2
Prof. Lam Sing Kwong Simon	2/2	2/2
Mr. Ong Chi King	2/2	2/2

DIVERSITY OF THE BOARD

The Group has adopted policy in relation to the diversity of the members of the Board and the summary of the policy is as follows:

1. selection of Board members will be based on a range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service; and
2. the Nomination Committee will monitor the implementation of the diversity policy from time to time to ensure the effectiveness of the diversity policy.

AUDITOR'S REMUNERATION

For the year ended 31 March 2015, the Group engaged BDO Limited ("BDO") as the Group's external auditor. The remunerations paid or payable to BDO in respect of its audit services and non-audit services provided to the Group were HK\$356,000 and HK\$1,172,000, respectively. The amount for non-audit services comprised mainly the reporting accountant's work in connection with the IPO.

COMPANY SECRETARY

The Company engaged an external professional company secretarial services provider, Wonder World Corporate Services Limited ("Wonder World"), to provide compliance and full range of company secretarial services to the Group in order to assist the Group to cope with the changing regulatory environment.

Ms. So Hau Kit ("Ms. So"), the representative of Wonder World, was appointed as the named Company Secretary of the Company.

Ms. Liu Lai Ying, the chief executive officer of the Company, is the primary corporate contact person at the Company for the company secretary.

Ms. So had taken no less than 15 hours of relevant professional training during the year.

COMPLIANCE OFFICER

Mr. Fu Yik Lung, an executive Director, is the compliance officer of the Group.

INTERNAL CONTROLS

The Board and the senior management are responsible for improving and monitoring the internal control of the Group. In this connection, during the Reporting Period, the Board had constantly and actively sought to strengthen the internal control system of the Group by way of, among other things, regular review of the effectiveness of the internal control measures and mechanism adopted by the Group in respect of financial, operational and compliance controls, etc. The Board is satisfied with the overall effectiveness of the Group's internal control systems.

SENIOR MANAGEMENT'S REMUNERATION

The senior management's remuneration payment of the Group in the year ended 31 March 2015 falls within the following band:

	Number of individuals
Nil to HK\$1,000,000	4

REMUNERATION OF THE DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of emoluments of the Directors and the five individuals with the highest paid are set out in notes 28 to the consolidated financial statements in this annual report.

RETIREMENT BENEFITS PLAN

The Group has participated in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). The Group has not participated in any other pension schemes.

Accounting policy of retirement benefits plans of the Group as at 31 March 2015 are set out in note 4 to the consolidated financial statements.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors acknowledge and understand their responsibility for preparing the financial statements and to ensure that the financial statements of the Group are prepared in a manner which reflects the true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions required of the GEM Listing Rules. The Directors are of the view that the financial statements of the Group for each financial year have been prepared on this basis.

To the best knowledge of the Directors, there is no uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Statement of the Company's external auditor's responsibilities in respect of the consolidated financial statements is set out in the Independent Auditor's Report of this annual report.

GENERAL MEETINGS WITH SHAREHOLDERS

The annual general meeting is a forum in which the Board and the shareholders communicate directly and exchange views concerning the affairs and overall performance of the Group, and its future developments, etc. At the AGM, the Directors (including independent non-executive Directors) are available to attend to questions raised by the shareholders. The external auditors of the Company is also invited to be present at the AGM to address to queries of the shareholders concerning the audit procedures and the auditor's report.

The first AGM of the Company will be held on 1 September 2015, the notice of which shall be sent to the shareholders of the Company at least 20 clear business days prior to the meeting.

SHAREHOLDERS RIGHTS

Convening of Extraordinary General Meeting on Requisition by Shareholders

Pursuant to article 64 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting (“EGM”). EGMs shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, all reasonable expenses incurred by the requisition(s) as a result of the failure of the Board shall be reimbursed to the requisition(s) by the Company.

Procedures for Shareholders’ Nomination of Directors

Pursuant to article 113 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office of the Company. The period for lodgment of the notices required under the Article will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

Procedures for directing shareholders’ enquiries to the Board

Shareholders may direct their enquiries concerning their shareholdings to the Company’s share registrars. Shareholders may also make a request for the Company’s information to the extent that such information has been made publicly available by the Company. All written enquiries or requests may be forwarded to the Company’s head office or by fax to (852) 2922 9099, or by email to info@kingforce.com.hk.

The addresses of the Company’s head office and the Company’s share registrars can be found in the section “Corporate Information” of this annual report.

Investors Relationships

To ensure transparent and comprehensive disclosures to investors, the Group delivers information of the Group to the public through various channels, including general meeting, public announcement and financial reports. The investors are also able to access the latest news and information of the Group via our website (www.kingforce.com.hk).

In order to maintain good and effective communication, the Company together with the Board extend their invitation to all shareholders and encourage them to attend the forthcoming AGM and all future general meetings.

The shareholders may also forward their enquiries and suggestions in writing to the Company by way of post or email as follows:–

Address: 18th Floor
So Tao Centre
Nos. 11-15 Kwai Sau Road
Kwai Chung
New Territories
Hong Kong

Email: info@kingforce.com.hk

Significant Changes in Constitutional Documents

Save for the adoption of the amended and restated memorandum and articles of association for the purpose of the Listing, during the Reporting Period, there had been no significant changes in the constitutional documents of the Company.



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KING FORCE SECURITY HOLDINGS LIMITED

冠輝保安控股有限公司

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of King Force Security Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 33 to 69, which comprise the consolidated and company statements of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with the agreed terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of the affairs of the Company and the Group as at 31 March 2015, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants

Tsui Ka Che, Norman
Practising certificate number P05057

Hong Kong, 26 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Revenue	7	130,302	111,059
Cost of services rendered		(105,510)	(88,026)
Gross profit		24,792	23,033
Other income	8	484	510
Administrative expenses		(17,003)	(7,747)
Other operating expenses		(3,569)	(3,806)
Profit from operation		4,704	11,990
Finance costs	9	(310)	(1,054)
Profit before income tax	10	4,394	10,936
Income tax expense	11	(1,468)	(2,574)
Profit and total comprehensive income for the year attributable to owner of the Company	12	2,926	8,362
Earnings per share for profit attributable to owner of the Company			
– Basic and diluted (HK cents)	14	0.49	1.58

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015

	Notes	2015 HK\$'000	2014 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	11,656	8,023
Intangible asset/an intangible asset under development	16	1,900	1,600
Investment in a life insurance policy	17	1,104	1,076
		14,660	10,699
Current assets			
Trade receivables	18	17,563	14,693
Prepayments and deposits	18	1,575	1,838
Amount due from a director	19	–	9,680
Tax recoverable		1,250	–
Cash at banks and in hand		33,822	3,415
		54,210	29,626
Current liabilities			
Accrued expenses and other payables		12,217	12,246
Bank borrowings	21	–	6,286
Obligations under finance leases	22	–	207
Tax payables		–	1,578
		12,217	20,317
Net current assets		41,993	9,309
Total assets less current liabilities		56,653	20,008
Non-current liabilities			
Obligations under finance leases	22	–	294
Deferred tax liabilities	23	885	–
		885	294
Net assets		55,768	19,714
EQUITY			
Equity attributable to the Company's owner			
Share capital	24	6,400	8
Reserves	25	49,368	19,706
Total equity		55,768	19,714

On behalf of the Board of Directors

Fu Yik Lung
Director

Liu Lai Ying
Director

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	Notes	2015 HK\$'000	2014 HK\$'000
ASSETS AND LIABILITIES			
Non-current asset			
Investments in subsidiaries	20	13,276	–
Current assets			
Prepayments	18	21	–
Amount due from a subsidiary	20	39,823	–
Cash at bank		117	–
		39,961	–
Current liabilities			
Accrued expenses		99	–
Amounts due to subsidiaries	20	3,750	–
		3,849	–
Net current assets		36,112	–
Total assets less current liabilities		49,388	–
Net assets		49,388	–
EQUITY			
Share capital	24	6,400	–
Reserves	25	42,988	–
Total equity		49,388	–

On behalf of the Board of Directors

Fu Yik Lung
Director

Liu Lai Ying
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2015

	Share capital HK\$'000	Share premium* HK\$'000	Merger reserve* HK\$'000	Retained earnings* HK\$'000	Total HK\$'000
At 1 April 2013	8	–	2	11,342	11,352
Profit and total comprehensive income for the year	–	–	–	8,362	8,362
At 31 March 2014 and 1 April 2014	8	–	2	19,704	19,714
Transactions with owners:					
Issue of shares by the Company pursuant to the reorganisation (Note 24)	5,272	–	(5,272)	–	–
Issue of shares upon placing (Note 24)	1,120	42,000	–	–	43,120
Expenses incurred in connection with the issue of shares during the year (Note 24)	–	(2,992)	–	–	(2,992)
Dividend declared and paid during the year (Note 13)	–	–	–	(7,000)	(7,000)
	6,392	39,008	(5,272)	(7,000)	33,128
Profit and total comprehensive income for the year	–	–	–	2,926	2,926
At 31 March 2015	6,400	39,008	(5,270)	15,630	55,768

* The total of these balances represents “Reserves” in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2015

	2015 HK\$'000	2014 HK\$'000
Cash flows from operating activities		
Profit before income tax	4,394	10,936
Adjustments for:		
Amortisation of intangible assets	783	–
Bad debts written off	634	95
Bank loan interest recharged to a director	–	(218)
Depreciation of property, plant and equipment	1,282	794
Allowance for impairment loss on trade receivables	541	–
Interest charges on obligations under finance leases	16	28
Interest expenses	294	1,026
Interest income from investment in a life insurance policy	(73)	–
Loss on disposal of property, plant and equipment	43	17
Premium charged on a life insurance policy	45	–
Write-off of property, plant and equipment	28	–
Operating profit before working capital changes	7,987	12,678
Increase in trade receivables	(4,045)	(2,963)
Increase in prepayments and deposits	(431)	(807)
(Decrease)/increase in accrued expenses and other payables	(29)	4,166
Cash generated from operations	3,482	13,074
Net income tax paid	(3,411)	(1,708)
<i>Net cash generated from operating activities</i>	71	11,366
Cash flows from investing activities		
Payments for acquisition of intangible assets	(1,083)	(1,200)
Premium payment for a life insurance policy	–	(1,134)
Proceeds from disposal of property, plant and equipment	27	1
Purchase of property, plant and equipment	(5,013)	(462)
Decrease in pledged bank deposit	–	1,001
Net cash used in investing activities	(6,069)	(1,794)
Cash flows from financing activities		
Proceeds from new bank loans	–	7,023
Repayment of bank loans	(6,286)	(14,845)
Repayment of other bank borrowings	–	(7,229)
Decrease in amount due from a director	4,430	11,821
Interest paid	(294)	(1,026)
Payment of listing expenses in respect of new shares to be issued	(2,298)	(694)
Capital element of finance lease liabilities	(501)	(307)
Interest element of finance lease payments	(16)	(28)
Dividend paid	(1,750)	–
Proceeds from issue of ordinary shares	43,120	–
<i>Net cash generated from/(used in) financing activities</i>	36,405	(5,285)
Net increase in cash and cash equivalents	30,407	4,287
Cash and cash equivalents at beginning of year	3,415	(872)
Cash and cash equivalents at end of year	33,822	3,415

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1. GENERAL INFORMATION

King Force Security Holdings Limited was incorporated in the Cayman Islands on 2 January 2014 as an exempted company with limited liability under the Company Law of the Cayman Islands. The Company's registered office is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The Company's principal place of business is located at Suites 2001-2006, 20th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong.

The Company's shares were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 August 2014.

The principle activity of the Company is investment holding. The principle activities of the Company and its subsidiaries are set out in note 20.

The Company's immediate and ultimate holding company is Optimistic King Limited ("Optimistic King"), incorporated in the British Virgin Islands ("BVI").

The consolidated financial statements for the year ended 31 March 2015 were approved by the board of directors on 26 June 2015.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/amended HKFRSs – effective 1 April 2014

In the current year, the Company and its subsidiaries (hereinafter collectively referred to as the "Group") have applied for the first time the following HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are relevant to and effective for the Group's financial statements for the annual year beginning on 1 April 2014:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
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The adoption of these amendments has no material impact on the Group's financial statements.

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle ²
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle ¹
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle ³
Amendments to HKAS 1	Disclosure Initiative ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to HKAS 27	Equity Method in Separate Financial Statements ³
HKFRS 9 (2014)	Financial Instruments ⁵
HKFRS 15	Revenue from Contracts with Customers ⁴

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

³ Effective for annual periods beginning on or after 1 January 2016

⁴ Effective for annual periods beginning on or after 1 January 2017

⁵ Effective for annual periods beginning on or after 1 January 2018

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

2. ADOPTION OF HKFRSs – Continued

(b) New or amended HKFRSs that have been issued but are not yet effective – Continued

Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income (“FVTOCI”) if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss (“FVTPL”).

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework 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 and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 – Revenue, HKAS 11 – Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

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

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group is in the process of making an assessment of the impact of these new or amended HKFRSs upon initial application but is not yet in a position to state whether these new or amended HKFRSs would have a significant impact on the Group’s results of operations and financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

3. GROUP REORGANISATION AND BASIS OF PREPARATION

Through a reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's shares (the "Group Reorganisation"), the Company has become the holding company of its subsidiaries now comprising the Group since 29 July 2014. Details of the Group Reorganisation are fully explained in the prospectus of the Company dated 13 August 2014.

King Force Security Limited, a subsidiary incorporated in Hong Kong, is the principal operating company of the Group which was wholly-owned by Mr. Fu Yik Lung ("Mr. Fu" or "Controlling Shareholder") since February 2007 before the Group Reorganisation. The Group Reorganisation involved only insertion of new holding companies on the top of the principal operating company and has not resulted in any change of economic substance with continuous common control by the Controlling Shareholder. Accordingly, the consolidated financial statements have been prepared using the principles of merger accounting as if the current group structure had been in existence throughout the current year and prior year.

The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the current year and prior year have been prepared to present the results, changes in equity and cash flows of the Company and its subsidiaries as if the current group structure had been in existence throughout the current year and prior year, or since their respective dates of incorporation, whichever was shorter. The consolidated statement of financial position of the Group as at 31 March 2014 have been prepared to present the assets and liabilities of the Company and its subsidiaries as if the current group structure had been in existence at that date.

No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Group Reorganisation.

All intra-group transactions and balances have been eliminated in preparing the consolidated financial statements.

The consolidated financial statements have been prepared in accordance with HKFRSs, which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the HKICPA. The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on Growth Enterprise Market on the Stock Exchange.

The financial statements have been prepared on the historical cost basis except for available-for-sale financial assets which are measure at fair value. The measurement bases are fully described in the accounting policies below.

All values are rounded to the nearest thousand except when otherwise indicated.

It should be noted that accounting estimates and judgements are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgements of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group's financial statements, are disclosed in Note 5.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs 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 costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost over their estimated useful lives on a straight-line basis. The estimated useful lives are, at the following rates per annum:

Leasehold land and buildings	4%
Leasehold improvements	4% or over the lease term, whichever is shorter
Furniture and equipment	20%-33%
Motor vehicles	25%

The assets' depreciation methods and estimated useful lives are reviewed, and adjusted if appropriate, at the end of reporting date.

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4.4 Impairment of non-financial assets

Property, plant and equipment and intangible assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the assets.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.5 Intangible asset

Intangible asset acquired separately are initially recognised at cost. Subsequently, intangible asset with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses (see the accounting policy in respect of impairment losses for non-financial assets above). The cost of an intangible asset under development is not subject to amortisation until it is completed and available for use.

Intangible asset not yet available for use are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Amortisation on intangible asset with finite useful life is provided on a straight-line basis over their useful lives as follows. The amortisation expense is recognised in profit or loss and included in administrative expenses.

Computerised operating system	33%
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4.6 Financial assets

The Group's financial assets mainly comprise available-for-sale financial assets including investment in a life insurance policy; and loans and receivables including trade receivables, deposits, amount due from a director/a subsidiary and cash at banks and in hand.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequently to initial recognition, these assets (including investment in a life insurance policy) are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Loans 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 subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.6 Financial assets – Continued

Impairment of financial assets

At each reporting date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial asset includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of the debtor's financial difficulty; and
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, 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 (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in 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, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

Financial assets other than trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of receivables is remote, the amount considered irrecoverable is written off against receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

4.7 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand as well as short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.8 Financial liabilities

The Group's financial liabilities include accrued expenses and other payables, amounts due to subsidiaries, bank borrowings and obligations under finance leases, which are financial liabilities at amortised cost.

Financial liabilities are recognised when the Group become a party to the contractual provisions of the instruments. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (Note 4.14). A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Accrued expenses and other payables and amounts due to subsidiaries

These payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated 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.

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

Finance lease liabilities

Finance lease liabilities are measured at initial value less future finance charges of lease repayments (Note 4.10), and subsequently measured at amortised cost using the effective interest method.

4.9 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.10 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair values of the leased assets, or, if lower, the present value of the minimum lease payments (the "initial value"), of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance lease charges, are recorded as finance lease liabilities.

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance lease charges.

Finance lease charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the finance lease liabilities for each accounting period.

Operating lease charges as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the period in which they are incurred.

4.11 Revenue and other income recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services and the use by others of the Group's assets yielding interest, net of discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Revenue from provision of security guard services are recognised in the accounting period in which the services are rendered.

Interest income from bank deposits is accrued on a time apportionment basis using the effective interest method.

Interest income from investment in a life insurance policy is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

4.12 Employee benefits

Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

Pension obligations

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.12 Employee benefits – Continued

Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

4.13 Foreign currencies

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

4.14 Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.15 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4.16 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group’s business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group’s line of business.

4.17 Related parties

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

- (a) A person or a close member of that person’s family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company’s parent.
- (b) An entity is related to the Group if any of the following conditions apply:
 - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.17 Related parties – Continued

- (b) An entity is related to the Group if any of the following conditions apply:– Continued
- (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

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

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

4.18 Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the employee share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. For cash-settled share based payments, a liability is recognised at the fair value of the goods or services received.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements 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 Group makes estimates and assumptions concerning the future. 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 discussed below:

Impairment of receivables

The policy for the impairment of receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer.

Depreciation and amortisation

The Group depreciated the property, plant and equipment and amortised the intangible asset on a straight-line basis over the estimated useful lives of three to twenty-five years, starting from the date on which the assets are placed into productive use. The estimated useful lives reflect the directors' best estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment and intangible asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – Continued

Estimate of current tax and deferred tax

The Group is subject to income taxes in Hong Kong. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such final tax liabilities determination is made.

6. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is defined on the basis of the internal management reporting information that is provided to and regularly reviewed by the executive directors in order to allocate resources and assess performance of the segment. Executive directors regularly review revenue and operating results derived from provision of security guarding services and consider as one single operating segment.

The Company is an investment holding company and the principal place of the Group's operation is in Hong Kong. For the purpose of segment information disclosures under HKFRS 8, the Group regarded Hong Kong as its country of domicile. All the Group's non-current assets are principally attributable to Hong Kong, being the single geographical region.

The geographical location of customers is based on the location at which the services are provided. The total revenue from external customers is wholly sourced from Hong Kong.

Information about major customers

There is no single customer contributed to 10% or more revenue to the Group's revenue for the years ended 31 March 2015 and 2014.

7. REVENUE

Revenue, which is also the Group's turnover, represents the invoiced value of service rendered, after the allowance for discounts from the principal activity of the Group during the year.

8. OTHER INCOME

	2015	Group
	HK\$'000	2014 HK\$'000
Interest income of a life insurance policy	73	–
Bank loan interest recharged to a director	–	218
Sundry income	411	292
	484	510

Bank interest income was less than HK\$500 for the years ended 31 March 2015 and 2014.

9. FINANCE COSTS

	2015	Group
	HK\$'000	2014 HK\$'000
Interest charges on:		
Bank borrowings, which contain a repayment on demand clause, wholly repayable within five years	294	1,026
Finance leases	16	28
	310	1,054

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

10. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2015 HK\$'000	Group 2014 HK\$'000
Auditor's remuneration	356	80
Amortisation of intangible assets ¹	783	–
Allowance for impairment loss on trade receivables	541	–
Bad debts written off	634	95
Cost of services rendered	105,510	88,026
Depreciation:		
– Owned assets	1,282	515
– Leased assets	–	279
	1,282	794
Employee benefits expenses (including directors' emoluments in note 28):		
Salaries, allowances and benefits in kind included in		
– Cost of services rendered	100,610	84,209
– Administrative expenses	2,889	1,953
Retirement benefits-Defined contribution plans ² included in		
– Cost of services rendered	4,868	3,814
– Administrative expenses	136	73
	108,503	90,049
Listing expenses ³	3,569	3,806
Loss on disposal of property, plant and equipment	43	17
Operating lease charges in respect of:		
– Rented premises	319	426
– Office equipment	43	43
	362	469
Write-off of property, plant and equipment	28	–

¹ included in "administrative expenses" in the consolidated statement of profit or loss and other comprehensive income

² no forfeited contributions available for offset against existing contributions during the year

³ included in "other operating expenses" in the consolidated statement of profit or loss and other comprehensive income

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

11. INCOME TAX EXPENSE

The amount of taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2015	Group
	HK\$'000	2014 HK\$'000
Current tax		
– Hong Kong Profits Tax		
– charged for the year	932	2,521
– (over)/under provision in prior years	(349)	53
	583	2,574
Deferred tax		
– charged for the year (Note 23)	885	–
	1,468	2,574

The Company was incorporated in the Cayman Islands that is tax-exempted as no business is carried out in the Cayman Islands under the laws of the Cayman Islands.

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profits of subsidiaries operating in Hong Kong for the year.

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

	2015	Group
	HK\$'000	2014 HK\$'000
Profit before income tax	4,394	10,936
Income tax at Hong King Profits Tax rate of 16.5% (2014: 16.5%)	725	1,804
Tax effect on non-deductible expenses	684	739
Tax effect on non-taxable income	(12)	(5)
Tax effect/(utilisation) of deductible temporary difference not recognised	420	(17)
(Over)/Under provision in prior years	(349)	53
Income tax expense	1,468	2,574

12. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Of the consolidated profit attributable to the owners of the Company of HK\$2,926,000 (2014: HK\$8,362,000), a loss of HK\$4,016,000 (2014: nil) (Note 25) has been dealt with in the financial statements of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015

13. DIVIDENDS

No dividends has been paid or declared by the Company since its incorporation. On 9 July 2014, Million Joyce Global Limited ("Million Joyce"), a subsidiary of the Company, declared and paid dividends of an aggregate amount of HK\$7,000,000 to the then shareholders, of which an amount of HK\$5,250,000 was offset against the amount due from a director.

14. EARNINGS PER SHARE

	2015	2014
	HK\$'000	HK\$'000
<hr/>		
Earnings		
Profit attributable to owners of the Company	2,926	8,362
	<hr/>	
	2015	2014
<hr/>		
Number of shares		
Weighted average number of ordinary shares	596,427,000	528,000,000
	<hr/>	

Weighted average of 528,000,000 ordinary shares for the year ended 31 March 2014, being the number of shares in issue immediately after the completion of reorganisation issue as detailed in note 24 note (iii), deemed to have been issued throughout the year ended 31 March 2014 and up to 20 August 2014, immediately before the completion of placing.

Weighted average of 596,427,000 ordinary shares derived from 640,000,000 ordinary shares for the year ended 31 March 2015, includes the weighted average of 68,427,000 ordinary shares issued immediately after the completion of placing, in addition to the aforementioned 528,000,000 ordinary shares for the year ended 31 March 2014.

Diluted earnings per share were the same as the basic earnings per share as the Group had no dilutive potential shares during the years ended 31 March 2015 and 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost					
At 1 April 2013	6,293	939	585	1,312	9,129
Additions	–	126	313	176	615
Disposal/write off	–	–	–	(107)	(107)
At 31 March 2014 and 1 April 2014	6,293	1,065	898	1,381	9,637
Additions	–	705	1,418	2,890	5,013
Disposal/write off	–	–	(76)	(306)	(382)
At 31 March 2015	6,293	1,770	2,240	3,965	14,268
Accumulated depreciation					
At 1 April 2013	252	37	145	475	909
Depreciation	251	43	159	341	794
Disposal	–	–	–	(89)	(89)
At 31 March 2014 and 1 April 2014	503	80	304	727	1,614
Depreciation	252	50	309	671	1,282
Disposal/write off	–	–	(49)	(235)	(284)
At 31 March 2015	755	130	564	1,163	2,612
Net book value					
At 31 March 2015	5,538	1,640	1,676	2,802	11,656
At 31 March 2014	5,790	985	594	654	8,023

At 31 March 2014, the carry amount of Group's leasehold land and buildings amounted to HK\$5,790,000 were pledged to secure general banking facilities granted to the Group (Note 21). The pledge is released during the year ended 31 March 2015.

All leasehold land and buildings are held on medium term leases between 10 to 50 years (2014: 10 to 50 years) in Hong Kong.

At 31 March 2014, the net carrying amount of motor vehicles includes the amount of HK\$452,000 held for motor vehicles under finance leases (Note 22). The finance leases obligations have been fully settled during the year ended 31 March 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

16. INTANGIBLE ASSET/AN INTANGIBLE ASSET UNDER DEVELOPMENT

Group

	Computerised operating system HK\$'000	Software under development HK\$'000	Total HK\$'000
Cost			
At 1 April 2013	–	400	400
Additions	–	1,200	1,200
At 31 March 2014 and 1 April 2014	–	1,600	1,600
Additions	283	800	1,083
Transfer	2,400	(2,400)	–
At 31 March 2015	2,683	–	2,683
Accumulated depreciation			
At 1 April 2013, 31 March 2014 and 1 April 2014	–	–	–
Charge for the year	783	–	783
At 31 March 2015	783	–	783
Net book value			
At 31 March 2015	1,900	–	1,900
At 31 March 2014	–	1,600	1,600

The intangible asset under development represents a computerised operating system being developed by a service provider starting from 1 November 2012. Upon completion of the development and successful test for implementation, the system was transferred to intangible assets during the year ended 31 March 2015 with finite useful life being measured initially at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

17. INVESTMENT IN A LIFE INSURANCE POLICY

The Group entered into a life insurance policy with an insurance company to insure an executive director, Mr. Fu (the "Insured"). Under the policy, the beneficiary and policy holder is the Group and the total insured sum is US\$550,000 (equivalent to HK\$4,290,000). The Group was required to pay a one-off premium payment of US\$145,217 (equivalent to HK\$1,132,693). The Group 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 premium payment plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge ("Cash Value").

For the maturity date of the life insurance policy, the policy provides for continuation of the policy until the death of the Insured, unless there is full cash surrender or a loan causes the policy to lapse. The insurance charge is the cost of insurance that the insurance company charged for provision of the insurance benefits on the death of the Insured at range from 0.084% to 35.93% per annum throughout the policy. In addition, if withdrawal and termination of the policy are made between the 1st to 15th policy year, there is a specified amount of surrender charge. The surrender charge on full or partial termination would be calculated based on the number of years the policy has been in force which is charged at the range from 0.9% to 13.5% of the premium.

The surrender charge of withdrawal is calculated by the insurance company based on the Insured's age and the number of years the policy has been in force and will be deducted from the Cash Value if withdrawal is made within the 1st to 15th policy year which is charged at the range from 1% to 4% of the withdrawal amount. The insurance company will pay the Group an interest on the outstanding Cash Value of the policy at the prevailing interest rate fixed by the insurance company. Commencing on the 2nd policy year, a minimum guaranteed interest of 1.8% per annum is guaranteed by the insurance company.

As at 31 March 2014, the life insurance policy was pledged to a bank to secure banking facilities granted to the Group. The charge has been released during the year.

The investment in the life insurance policy is denominated in US\$, a currency other than the functional currency of the Group.

The directors consider that the carrying amount of the investment in the life insurance policy approximate its fair value.

The fair value of the investment in a life insurance policy is provided by the insurance company which is determined with reference to the Cash Value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

18. TRADE RECEIVABLES, PREPAYMENTS AND DEPOSITS

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Trade receivables	17,563	14,693	–	–
Prepayments	748	1,746	21	–
Deposits	827	92	–	–
	1,575	1,838	21	–
Total trade and other receivables	19,138	16,531	21	–

Trade receivables generally have credit terms of 7 to 30 days (2014: 7 to 30 days).

The ageing analysis of trade receivables (net of impairment loss) based on invoice dates, as of the end of the reporting period is as follows:

	Group	
	2015 HK\$'000	2014 HK\$'000
Not more than 30 days	9,658	8,400
30-90 days	7,747	5,694
Over 90 days	158	599
	17,563	14,693

The ageing analysis of trade receivables (net of impairment losses), based on past due date, as of the end of the reporting periods is as follows:

	Group	
	2015 HK\$'000	2014 HK\$'000
Neither past due nor impaired	12,967	10,546
Not more than 30 days past due	2,495	1,732
30-90 days past due	1,974	2,168
Over 90 days past due	127	247
	17,563	14,693

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18. TRADE RECEIVABLES, PREPAYMENTS AND DEPOSITS - Continued

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. During the year ended 31 March 2015, the Group has written off trade receivables of HK\$634,000 (2014: HK\$95,000) directly to the profit or loss for the year (Note 10).

The below table reconciled the allowance for impairment loss of trade receivables for the year:

	2015 HK\$'000	Group 2014 HK\$'000
At 1 April	–	–
Impairment loss recognised	541	–
At 31 March 2015	541	–

Trade receivables that were past due but not impaired related to a number of customers that the Group had continuing business relationships with these customers including services to and settlements from these customers in general, which in the opinion of the directors, have no indication of default. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.

19. AMOUNT DUE FROM A DIRECTOR

Particulars of amount due from a director are as follows:

	2015 HK\$'000	Group 2014 HK\$'000
Mr. Fu	–	9,680
	Maximum amount outstanding during the year HK\$'000	Opening outstanding balance HK\$'000
Year ended 31 March 2015		Closing outstanding balance HK\$'000
Mr. Fu	9,680	–
Year ended 31 March 2014		
Mr. Fu	30,930	9,680

The amount was unsecured, interest free and repayable on demand. The amount has been fully settled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

20. INTERESTS IN SUBSIDIARIES

	Company	
	2015 HK\$'000	2014 HK\$'000
Investments in unlisted shares, at cost	13,276	–
Amount due from a subsidiary	39,823	–
Amounts due to subsidiaries	3,750	–

The amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand.

At 31 March 2015, the Company had direct or indirect interests in the following subsidiaries, all of which are private companies with limited liability, the particulars of which are set out as follows:

Name of subsidiaries	Place of incorporation/ operations	Issued and paid-up share/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
			Directly	Indirectly	
Million Joyce Limited	BVI/Hong Kong	1,000 shares of US\$1 each	100%	–	Investment holding
King Force Service Limited	Hong Kong	1 share totalling HK\$1	–	100%	Investment holding
King Force Security Limited	Hong Kong	10,000 shares totalling HK\$10,000	–	100%	Provision of security guarding services
Golden Cross Trading Limited *	BVI/Hong Kong	1 share of US\$1 each	100%	–	Investment holding
Macro Getter Limited *	Hong Kong	1 share totalling HK\$1	–	100%	Investment holding

* These subsidiaries were incorporated during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015

21. BANK BORROWINGS

	2015	Group
	HK\$'000	2014
		HK\$'000
Current		
Secured		
– Bank loans due for repayment within one year	–	1,413
– Bank loans due for repayment after one year which contain a repayment on demand clause	–	4,873
	–	6,286

The interest-bearing bank borrowings were carried at amortised cost. The bank borrowings included bank loans that were not fully scheduled for repayment within one year. They were classified as current liabilities as the loan agreements gave the lenders an unconditional right to demand repayment at any time at their own discretion. At 31 March 2014, none of the bank borrowings due for repayment after one year, which contained a repayment on demand clause and classified as a current liability, was expected to be settled within one year. The bank borrowings have been fully repaid during the year ended 31 March 2015.

The effective interest rates applicable to the bank borrowings as at 31 March 2014 were floating interest rates ranging from 1.75% to 3% per annum.

The analysis of bank borrowings by scheduled repayment is as follows:

	2015	2014
	HK\$'000	HK\$'000
Portion due within one year		
– Bank loans	–	1,413
Portion due for repayment after one year		
After one year but within two years		
– Bank loans	–	921
After two years but within five years		
– Bank loans	–	2,505
After five years		
– Bank loans	–	1,447
	–	4,873
	–	6,286

The above amounts were based on the scheduled repayment dates in the loan agreements and ignored the effect of any repayment on demand clause.

At 31 March 2014, the bank borrowings were secured by the pledge of the Group's leasehold land and buildings under property, plant and equipment amounting to HK\$5,790,000 (Note 15).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2015

22. OBLIGATIONS UNDER FINANCE LEASES

The analysis of the obligations under finance leases is as follows:

	2015 HK\$'000	Group 2014 HK\$'000
Due within one year	-	224
Due in the second to fifth years	-	308
	-	532
Future finance charges on finance leases	-	(31)
	-	501

The present value of finance lease liabilities is as follows:

	2015 HK\$'000	Group 2014 HK\$'000
Due within one year	-	207
Due in the second to fifth years	-	294
	-	501
Less: Current portion due within one year included under current liabilities	-	(207)
Non-current portion included under non-current liabilities	-	294

Finance lease liabilities were effectively secured as the rights to the leased asset revert to the lessor in the event of default.

As at 31 March 2014, the Group entered into finance leases for certain motor vehicles. The lease periods ranged from two years to five years with effective interest rates ranged from 3.8% to 4.28% per annum. These leases did not have option to renew or contingent rental provision. The obligations under finance leases have been early settled during the year ended 31 March 2015.

23. DEFERRED TAX LIABILITIES

Details of deferred tax liabilities recognised and the movements during the current and prior years are as follows:

	Group Accelerated tax depreciation HK\$'000
Accelerated tax depreciation At 1 April 2013, 31 March 2014 and 1 April 2014	-
Charged to profit or loss during the year (Note 11)	885
At 31 March 2015	885

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

24. SHARE CAPITAL

Group

As at 1 April 2013 and 31 March 2014, the balance of share capital represented the paid-up capital of Million Joyce.

Company	Number of shares	Amount HK\$000
Authorised:		
<i>Ordinary shares of HK\$0.01 each</i>		
At 1 April 2013	–	–
Initial authorised share capital upon incorporation	38,000,000	380
At 31 March 2014 and 1 April 2014	38,000,000	380
Increase in authorised share capital on 29 July 2014	1,962,000,000	19,620
At 31 March 2015	2,000,000,000	20,000
Issued:		
<i>Ordinary shares of HK\$0.01 each</i>		
At 1 April 2013	–	–
Issue of share capital upon incorporation (note (i))	1,000	–
At 31 March 2014 and 1 April 2014	1,000	–
Issue of shares by the Company pursuant to the reorganisation (note (iii))	527,999,000	5,280
Issue of shares upon placing (note (iv))	112,000,000	1,120
At 31 March 2015	640,000,000	6,400

Note:

- (i) The Company was incorporated on 2 January 2014 with authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. 1 nil-paid share was allotted and issued to the subscriber to the memorandum and articles of association of the Company, and was subsequently transferred to Optimistic King on the same day. On the same date, each of Optimistic King and Gloria Power Limited ("Gloria Power") further subscribed for 749 and 250 nil-paid shares, resulting them holding 750 and 250 nil-paid shares, respectively, as at the date of incorporation.
- (ii) Pursuant to a shareholder resolution passed on 29 July 2014, the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 by the creation of an additional 1,962,000,000 shares of HK\$0.01 each.
- (iii) On 29 July 2014, Optimistic King and Gloria Power each as a vendor, the Company as purchaser, and Mr. Fu and Mr. Chiu Chun Keung ("Mr. Chiu") as the respective warrantors of the vendors entered into a sale and purchase agreement, pursuant to which the Company acquired 750 shares (representing 75% of the issued share capital of Million Joyce) and 250 shares (representing 25% of the issued capital of Million Joyce) in Million Joyce from Optimistic King and Gloria Power, respectively, and as consideration for which (i) the 750 and 250 nil-paid shares held by Optimistic King and Gloria Power were credited as fully paid respectively, and (ii) 395,999,250 and 131,999,750 shares were issued and allotted to each of Optimistic King and Gloria Power respectively, all credited as fully paid.
- (iv) On 20 August 2014, 112,000,000 new shares of HK\$0.01 each of the Company were issued to the public by way of placing at HK\$0.385 each (the "Placing"). Upon the Placing, the issued share capital of the Company has become HK\$6,400,000 divided into 640,000,000 shares of HK\$0.01 each.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

25. RESERVES

Group

Details of the movements on the Group's reserves are as set out in the consolidated statement of changes in equity of the financial statements. The natures and purposes of reserves within equity are as follows:

Share premium

The share premium account of the Group represents the excess of the proceeds received over the nominal value of the Company's shares issued.

Merger reserve

It represents the difference between the nominal value of the share capital of the subsidiary held by the Group and the nominal value of the share capital of the Company.

Company

	Share capital HK\$'000	Share Premium* HK\$'000	Contributed Surplus* HK\$'000 (note)	Retained earnings* HK\$'000	Total HK\$'000
At 4 January 2014 (date of incorporation)	–	–	–	–	–
Issue of share capital upon incorporation (Note 24 note (i))	–	–	–	–	–
Results for the period	–	–	–	–	–
At 31 March 2014 and 1 April 2014	–	–	–	–	–
Issue of shares by the Company pursuant to the reorganisation (Note 24 note (iii))	5,280	–	7,996	–	13,276
Issue of shares upon placing (Note 24 note (iv))	1,120	42,000	–	–	43,120
Expenses incurred in connection with the issue of shares during the year	–	(2,992)	–	–	(2,992)
	6,400	39,008	7,996	–	53,404
Loss for the year	–	–	–	(4,016)	(4,016)
At 31 March 2015	6,400	39,008	7,996	(4,016)	49,388

* The total of these balances represents "Reserves" in the statement of financial position.

Note:

The contributed surplus of the Company represented the difference between the net asset value of the subsidiary acquired and the nominal value of the share capital of the Company issued in exchange thereof pursuant to the Group Reorganisation.

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FOR THE YEAR ENDED 31 MARCH 2015

26. SHARE OPTION SCHEME

A share option scheme (the "Scheme") adopted by the Company was approved by the shareholders on 31 July 2014.

A summary of the Scheme is set out below:

The Scheme became effective for a period of 10 years commencing on 31 July 2014. Under the Scheme, the directors shall, in its absolute discretion select, make an offer to any eligible participants to subscribe for shares of the Company at a subscription price being not less than the highest of (i) the closing price of shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of the grant of the option, which must be a business day; or (ii) the average closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the share on the date. The offer of a grant of options may be accepted within seven days inclusive of the day on which such offer was made.

The options granted shall be exercisable in whole or in part in the effective option period. The exercise period of the options granted is determined and notified by the directors to the grantee thereof at the time of making an offer provided that such period shall not exceed the period of 10 years from the date of the grant of the option is made, subject to the provisions for early termination thereof.

The maximum number of shares to be issued upon the exercise of all outstanding options granted at any time under the Scheme together with options which may be granted under any other share option schemes for the time being of the Company must not in aggregate exceed 10% of all the shares of the Company in issue immediately following the completion of the placing, being 64,000,000 shares.

No share options were granted under the Scheme during the year. At 31 March 2015, there were no outstanding options granted under the Scheme. Share options do not confer rights to the holders to dividends or to vote at shareholders' meetings.

27. BANKING FACILITIES

Group

As at 31 March 2014, the Group had banking facilities of approximately HK\$12,545,000 in aggregate. The Group's general banking facilities were secured by the following:

- (i) legal charges on the Group's leasehold land and buildings (Note 15);
- (ii) legal charges on the director's life insurance policy (Note 17);
- (iii) joint and several personal guarantees by the certain directors of the Group; and
- (iv) guarantee issued by The Government of Hong Kong Special Administrative Region under the Special Loan Guarantee Scheme.

The above charges were released upon the settlement of the relevant bank borrowings during the year ended 31 March 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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28. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Directors' emoluments

The emoluments paid or payable to each of the seven (2014: one) directors were as follows:

For the year ended 31 March 2015

	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
Executive directors				
Fu Yik Lung	–	720	18	738
Liu Lai Ying	–	292	15	307
Chung Pui Yee, Shirley	–	319	13	332
Non-executive director				
Zhang Chengzhou	6	–	–	6
Independent non-executive directors				
Law Yiu Sing	80	–	–	80
Lam Sing Kwong, Simon	80	–	–	80
Ong Chi King	80	–	–	80
Total	246	1,331	46	1,623

For the year ended 31 March 2014

	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
Executive director				
Fu Yik Lung	–	720	18	738

No directors waived any emoluments in the year ended 31 March 2015 (2014: Nil).

Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, one (2014: one) is a director of the Company whose emoluments is included in the disclosure of directors' emoluments above. The emoluments of the remaining four individuals (2014: four individuals) were as follows:

	2015 HK\$'000	2014 HK\$'000
Salaries and other emoluments	1,535	1,230
Retirement scheme contributions	59	58
	1,594	1,288

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

28. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS - Continued

Their emoluments were within the following bands:

	2015 Number of Individuals	2014 Number of Individuals
Nil to HK\$1,000,000	4	4

During both years ended 31 March 2015 and 2014, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group as compensation for loss of office.

Senior management emoluments

The emoluments paid or payable to members of senior management fell within the following:

	2015 Number of individuals	2014 Number of individuals
Nil to HK\$1,000,000	4	2

29. OPERATING LEASE COMMITMENTS

Future minimum lease payments under non-cancellable operating leases in respect of rented premises are payable as follows:

	2015 HK\$'000	Group 2014 HK\$'000
Within one year	554	50
In the second to fifth years	445	–
	999	50

The Group leases a number of premises and office equipment under operating leases. The leases run for an initial period of one to five years (2014: one year). The above lease commitments only include commitments for basic rental and none of the lease includes any contingent rental.

On 28 March 2014, certain leases in respect of premises under operating leases from a director, Ms. Liu Lai Ying have been earlier terminated.

Company

The Company did not have any significant operating lease commitments as at 31 March 2015 and 2014.

30. CAPITAL COMMITMENTS

	2015 HK\$'000	Group 2014 HK\$'000
Contracted but not provided for: Acquisition of an intangible asset	–	800

Company

The Company did not have any significant capital commitments as at 31 March 2015 and 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

31. RELATED PARTY TRANSACTIONS

- (i) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following transactions carried out with related parties during the year:

	Notes	2015 HK\$'000	Group 2014 HK\$'000
Operating lease and related charges paid to a director, Ms. Liu Lai Ying	(i)	-	360
Bank loan interest recharged to a director, Mr. Fu	(i)	-	(218)
Realife Financial Services Limited	(ii)	-	33
Realife Insurance Advisors Limited	(ii)	20	7
Realife Insurance Brokers Limited	(ii)	1,421	1,434
Realife Insurance Services Limited	(ii)	33	90

Note:

- (i) The transactions above were carried out on the terms agreed between the relevant parties.
- (ii) Either Mr. Chiu, the sole shareholder of Gloria Power which is a major shareholder of the Company, or his spouse is a director or has beneficial interests in the above related companies for provision of insurance consultation and brokerage services to the Group during the year. The insurance services have been entered into in the ordinary and usual business of the Group, and are on normal commercial terms.
- (ii) Compensation of key management personnel

	2015 HK\$'000	Group 2014 HK\$'000
Total remuneration of directors and other members of key management during the year were as follows:		
Fee, salaries and staff welfare benefits (short-term employee benefits)	2,747	1,874
Retirement scheme contributions (post employment benefits)	91	72
	2,838	1,946

- (iii) Balances with related parties

	2015 HK\$'000	Group 2014 HK\$'000
Realife Insurance Advisors Limited	20	3
Realife Insurance Brokers Limited	405	117
Realife Insurance Services Limited	44	52

The above balances are included in prepayments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

32. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount and fair value of financial assets and liabilities as defined in Note 4.6 and Note 4.8:

	Group		Company	
	2015	2014	2015	2014
	HK'000	HK'000	HK'000	HK'000
Financial assets				
Non-current				
Available-for sale financial assets:				
Investment in a life insurance policy	1,104	1,076	–	–
Current				
Loans and receivables				
– Trade receivables	17,563	14,693	–	–
– Deposits	827	92	–	–
– Amount due from a director	–	9,680	–	–
– Amount due from a subsidiary	–	–	39,823	–
– Cash at banks and in hand	33,822	3,415	117	–
	52,212	27,880	39,940	–
	53,316	28,956	39,940	–
Financial liabilities				
Non-current				
Financial liabilities at amortised cost:				
Obligations under finance leases	–	294	–	–
Current				
Financial liabilities at amortised cost:				
– Accrued expenses and other payables	12,217	12,246	99	–
– Bank borrowings	–	6,286	–	–
– Amounts due from subsidiaries	–	–	3,750	–
– Obligations under finance leases	–	207	–	–
	12,217	18,739	3,849	–
	12,217	19,033	3,849	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

33. FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks which result from the use of financial instruments in its ordinary course of operations. The financial risks include market risks (mainly foreign currency risk and interest rate risk), credit risk and liquidity risk. Details of these financial instruments are disclosed in the notes below. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The directors meet regularly to identify and evaluate risks and formulate strategies to manage financial risk on a timely and effective manner. The risks associated with these financial instruments and the policies applied by the Group to mitigate these risks are set out below.

Foreign currency risk

The Group's exposure to risk resulting from changes in foreign currency exchange rates is minimal as most of the transactions are conducted in HK\$.

Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates principally to its bank deposits and interest-bearing bank borrowings. The Group's policy is to minimise interest rate risk exposure. To achieve this, the Group regularly assesses and monitors its needs for cash with reference to its business plans and day-to-day operations. The interest rates and/or terms of repayment of interest-bearing bank borrowings of the Group are disclosed in Note 21. The Group currently does not have an interest rate hedging policy.

In respect of the cash flow interest rate risk, the following table illustrates the sensitivity of the Group's profit for the year, and other components of equity at that date due to a possible change in interest rates on its floating rate bank deposits and bank borrowings with all other variables held constant, at the reporting date:

	2015 HK\$'000	2014 HK\$'000
Increase/(Decrease) in profit for the year and retained profits		
Increase/Decrease in basis points ("bp")		
+50bp	169	(13)
-50bp	(169)	13

The above sensitivity analysis is prepared based on the assumption that the bank deposits and bank borrowings as at reporting date existed throughout the whole financial year.

The assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rates over the next twelve months.

Credit risk

The Group's exposure to credit risk related to the financial assets summarised in the note above. Please refer to Note 18 for further details of the Group's exposures to credit risk on trade receivables.

The Group's trade receivables are actively monitored to avoid concentration of credit risk with exposure spread over a number of customers.

The Group continuously evaluates the credit risk of its customers to ensure appropriateness of the amount of credit granted. Credit terms are extended to certain customers based on the evaluation of individual customer's financial conditions. In addition, the Group reviews the recoverable amount of each individual trade debt at that reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. The credit policies have been followed by the Group during the year and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level. The Group's bank balances are all deposited with licensed banks in Hong Kong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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33. FINANCIAL RISK MANAGEMENT - Continued

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of accrued liabilities, other payables and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The liquidity policies have been followed by the Group during the year and are considered by the directors to have been effective in managing liquidity risks.

Analysed below is the Group's remaining contractual maturities at the end of the reporting period of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group and the Company are required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group and the Company are committed to pay.

Group

	Within 3 months or on demand HK\$'000	More than 3 months but less than 1 year HK\$'000	More than 1 year but less than 5 years HK\$'000	Total contractual undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 March 2015					
Non-derivative financial liability					
Accrued expenses and other payables	12,217	–	–	12,217	12,217
As at 31 March 2014					
Non-derivative financial liabilities					
Accrued expenses and other payables	12,246	–	–	12,246	12,246
Bank borrowings	6,286	–	–	6,286	6,286
Obligations under finance leases	56	168	308	532	501
	18,588	168	308	19,064	19,033

Specifically, for bank borrowings as at 31 March 2014 which contained a repayment on demand clause which could be exercised at the bank's sole discretion, the above analysis shows the cash outflow based on the earliest period in which the Company could be required to pay, that is if the lenders were to invoke their unconditioned rights to call the loans with immediate effects.

The table below summarises the maturity analysis of the bank borrowings with repayment on demand clause based on the agreed scheduled repayments set out in the loan agreements. The amounts included interest payments computed using contractual rates. As a result, these amounts are greater than the amounts disclosed in the "on demand" time band in the above maturity analysis. Taking into account the Group's financial position, the directors did not consider that it is probable that the banks will exercise their discretion to demand immediate repayment. As at 31 March 2014, the directors believed that such bank borrowings would be repaid in accordance with the scheduled repayment dates as set out in the respective loan agreements.

	Within 3 months or on demand HK\$'000	More than 3 months but less than 1 year HK\$'000	More than 1 year but less than 5 years HK\$'000	Over 5 years HK\$'000	Total contractual undiscounted cash flows HK\$'000	Carrying amount HK\$'000
Bank loans subject to repayment on demand clause based on scheduled repayments:						
As at 31 March 2014	408	1,224	3,866	1,426	6,924	6,286

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FOR THE YEAR ENDED 31 MARCH 2015

33. FINANCIAL RISK MANAGEMENT - Continued

Liquidity risk – Continued

Company

	Within 3 months or on demand HK\$'000	More than 3 months but less than 1 year HK\$'000	More than 1 year but less than 5 years HK\$'000	Total contractual undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 March 2015					
Non-derivative financial liabilities					
Accrued expenses and other payables	99	-	-	99	99
Amounts due to subsidiaries	3,750	-	-	3,750	3,750
	3,849	-	-	3,849	3,849

34. FAIR VALUE MEASUREMENTS

Fair values of the Group's financial assets and liabilities at amortised cost are not materially different from their carrying amounts because of the immediate or short-term maturity of these financial instruments.

The fair value of the available for sale assets, i.e. the investment in a life insurance policy, is provided by the insurance company which is determined with reference to the Cash Value.

Financial instruments measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 – Fair Value Measurement. The level into which a fair value measurement is classified and is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs.

Level 3: Fair value measured using significant unobservable inputs (i.e. not derived from market data).

As at 31 March 2014 and 2015, the Group's investment in a life insurance policy is grouped into Level 2 category.

There were no transfers between the three levels during the years.

35. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the year.

The Group sets the amount of capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

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35. CAPITAL MANAGEMENT - Continued

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

	2015 HK'000	2014 HK'000
Borrowings and obligations under finance leases	–	6,787
Equity	55,768	19,714
Net debt to equity ratio	N/A	34%

36. MAJOR NON-CASH TRANSACTIONS

Addition of property, plant and equipment amounting to HK\$153,000 was financed through an arrangement of a finance lease during the year ended 31 March 2014.

Dividend of HK\$5,250,000 was paid through set off of amount due from a director during the year ended 31 March 2015 (Note 12).

37. EVENT AFTER THE REPORTING DATE

On 16 April 2015, the Group entered into an agreement with a third party pursuant to which the Group conditionally agreed to subscribe and the third party conditionally agreed to issue new shares, representing 20% of the enlarged issued shares of the third party, at a consideration of HK\$2,000,000 in cash, subject to the terms and conditions of the agreement.

As a condition precedent to completion of the transactions contemplated under the agreement, the Group and the third party agreed to establish a joint venture in the People's Republic of China. Both parties agreed to contribute Renminbi 5,000,000 to the registered capital of the joint venture.

Details of the agreement are fully explained in the announcement of the Company dated 16 April 2015.

The transaction has not been completed as of the date of issuance of these financial statements.

THREE YEAR'S FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last three financial years, as extracted from the audited financial statements in this annual report and the prospectus of the Company, is as follows.

FINANCIAL RESULTS

	Year ended 31 March		
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000
Revenue	130,302	111,059	90,665
Gross profit	24,792	23,033	15,317
Profit before income tax	4,394	10,936	10,295
Profit for the year	2,926	8,362	9,046

ASSETS AND LIABILITIES

	As at 31 March		
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000
Non-current assets	14,660	10,699	8,620
Current assets	54,210	29,626	38,444
Current liabilities	12,217	20,317	35,308
Net assets	55,768	19,714	11,351