



柏榮集團(控股)有限公司

**PAK WING GROUP (HOLDINGS) LIMITED**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8316



# First Quarterly Report 2015-16

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors of Pak Wing Group (Holdings) Limited (the “Company”), collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of 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.*

The board of Directors (the "Board") is pleased to present the unaudited combined results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months ended 30 June 2015 (the "Period"), together with the comparative unaudited figures for the corresponding period in 2014 as follows:

**CONDENSED COMBINED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THREE MONTHS ENDED 30 JUNE 2015**

		<b>For the three months ended 30 June</b>	
	Notes	<b>2015 (unaudited) HK\$'000</b>	2014 (unaudited) HK\$'000
Revenue	3	<b>29,090</b>	26,212
Cost of services		<b>(21,112)</b>	(19,633)
Gross profit		<b>7,978</b>	6,579
Administrative expenses		<b>(6,504)</b>	(6,380)
Finance costs	4	<b>(162)</b>	(125)
Profit before income tax expense	5	<b>1,312</b>	74
Income tax expense	6	<b>(737)</b>	(675)
Profit/(loss) and total comprehensive income/(loss) for the period attributable to the owners of the Company		<b>575</b>	(601)
Earnings/(loss) per share attributable to the owners of the Company			
Basic and diluted (HK cents)	7	<b>0.072</b>	(0.075)

**CONDENSED COMBINED STATEMENTS OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED 30 JUNE 2015**

	Share capital HK\$'000	Retained earnings HK\$'000	Total HK\$'000
<b>As at 1 April 2015 (audited)</b>	<b>22</b>	<b>43,531</b>	<b>43,553</b>
<b>Profit and total comprehensive income for the period</b>	<b>-</b>	<b>575</b>	<b>575</b>
<b>As at 30 June 2015 (unaudited)</b>	<b>22</b>	<b>44,106</b>	<b>44,128</b>
For the three months ended 30 June 2014			
As at 1 April 2014 (audited)	20	32,657	32,677
Loss and total comprehensive loss for the period	-	(601)	(601)
Issue of new shares on incorporation of a new group company	1	-	1
As at 30 June 2014 (unaudited)	21	32,056	32,077

## **NOTES TO COMBINED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 30 JUNE 2015**

### **1. GENERAL INFORMATION**

The Company was incorporated in the Cayman Islands on 15 July 2014, as an exempted company with limited liability under the Companies Law (2004 revision) Chapter 22 of the Cayman Islands. The registered office and principal place of business of the Company are located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and Room 2815-16, 28/F New Tech Plaza, 34 Tai Yau Street, San Po Kong, Kowloon, Hong Kong, respectively. The Company is an investment holding company and the shares were listed on GEM on 10 August 2015. The Group is principally engaged in the foundation business as a foundation subcontractor in Hong Kong.

Unless otherwise stated, terms used in this report shall have the same meanings as those defined in the prospectus dated 28 July 2015 (the "Prospectus").

### **2. BASIS OF PREPARATION**

The unaudited condensed combined financial information for the three months ended 30 June 2015 has been prepared in accordance with the accounting policies, which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Listing Rules.

Pursuant to a Group Reorganisation which was completed on 6 July 2015 as detailed in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus, the Company became the holding company of the companies comprising the Group.

The Group resulting from the abovementioned Group Reorganisation is regarded as a continuing entity. Accordingly, the unaudited condensed combined financial information of the Group have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" as if the group structure under the Group Reorganisation had been in existence throughout the three months ended 30 June 2015 and the three months ended 30 June 2014.

The accounting policies and methods of computation used in the preparation of the unaudited condensed combined financial information are consistent with those adopted in the accountants' report included in the Prospectus, except for the adoption of the new and revised HKFRSs.

The HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the Company. The adoption of these new and revised HKFRSs has no material effect on the unaudited condensed combined financial information, and there have otherwise been no significant changes to the accounting policies applied in these financial statements.

The unaudited condensed combined financial information are presented in Hong Kong dollars (HK\$), which is also the functional currency of the Company. All values are rounded to the nearest thousands except when otherwise indicated.

### **3. REVENUE AND SEGMENT INFORMATION**

The Group's revenue represents amount received and receivable from contract works performed and recognised during the Period, which is also the Group's turnover, being revenue generated from its principal activities.

#### **Operating segment**

The Group was principally engaged in the provision of foundation works. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole, as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

#### **Geographical information**

The Group's revenue was principally derived from Hong Kong, based on the location of the customers, and all of its non-current assets were located in Hong Kong, based on the location of assets. Therefore, no geographical information is presented.

#### 4. FINANCE COSTS

	For the three months ended 30 June	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Interest on bank borrowings	65	26
Interest on finance leases	97	99
	<b>162</b>	125

#### 5. PROFIT BEFORE INCOME TAX EXPENSE

	For the three months ended 30 June	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Profit/(loss) before income tax expense has been arrived at after charging:		
Directors' remuneration	1,620	1,152
Salaries, wages and other benefits	7,085	6,978
	<b>8,705</b>	8,130
Auditors' remuneration	150	150
Listing expenses	3,013	3,903
Loss on disposal of property, plant & equipment	-	65
Depreciation	2,071	1,688
Operating lease rentals in respect of:		
- Land and building	398	386
- Plant and equipment	227	319

## 6. INCOME TAX EXPENSE

The amount of income tax expense in the combined statements of comprehensive income represents:

	For the three months ended 30 June	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Current tax for the period:		
Hong Kong profits tax	881	841
Deferred tax	(144)	(166)
	<b>737</b>	675

## 7. EARNINGS/(LOSS) PER SHARE

The Company was listed on GEM on 10 August 2015 by way of placing of 200,000,000 Placing Shares comprising 120,000,000 New Shares and 80,000,000 Sale Shares.

The calculation of the basic earnings/(loss) per Share for each of the three months ended 30 June 2015 and 2014 is based on the profit for the period attributable to the owners of the Company of approximately HK\$575,000 and the loss for the period attributable to the owners of the Company of HK\$601,000 respectively and on the basis of 800,000,000 Shares in issue and issued pursuant to the Capitalisation Issue as described in the Prospectus that are deemed to have become effective on 1 April 2014.

Diluted earnings per Share are equal to the basic earnings per Share as there were no dilutive potential ordinary shares outstanding during both periods.

## 8. DIVIDENDS

The Directors do not recommend a payment of an interim dividend for the three months ended 30 June 2015 (2014: nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review and Outlook**

The Group is principally engaged in the foundation business as a foundation subcontractor in Hong Kong. The principal business objective of the Group is to further strengthen our position in the foundation industry in Hong Kong in order to achieve sustainable growth in its business and create long-term shareholder's value.

The Group was successfully listed on GEM on 10 August 2015. The listing proceeds received have strengthened the Group's cash flow and the Group will implement its future plans towards acquiring machinery and strengthening our manpower according to the schedule set out in the Prospectus.

During the three months ended 30 June 2015, the Group derived its revenue of approximately HK\$29.1 million (2014: HK\$26.2 million) from 17 projects (2014: 19 projects), with the average revenue recognised per project being approximately HK\$1.7 million (2014: HK\$1.4 million).

In recent years, the revenue of the foundation industry in Hong Kong has been primarily driven by the implementation of the Ten Major Infrastructure Projects, which significantly grew from approximately HK\$6.8 billion in 2009 to HK\$19.5 billion in 2014, at a CAGR of approximately 23.5%. Notwithstanding gradual completion of the foundation works under the Ten Major Infrastructure Projects, the new development area in the eastern and northern parts of the New Territories, the Wan Chai Development Project, the new MTR lines and MTR extension projects are expected to fuel the growth of the foundation industry. The Directors are optimistic about the future of Hong Kong's foundation industry and believe that the Group will benefit from the buoyancy of Hong Kong's construction industry.

### **Financial Review**

The Group's revenue for the three months ended 30 June 2015 was approximately HK\$29.1 million, representing an increase of approximately HK\$2.9 million or 11.1% as compared to the revenue for the three months ended 30 June 2014. The increase in revenue was primarily attributable to the increase in the average revenue recognised per project.

For the three months ended 30 June 2015, the Group recorded a gross profit of approximately HK\$8.0 million (2014: HK\$6.6 million) and the gross profit margin was approximately 27.4% (2014: 25.1%). The increase in gross profit margin was primarily due to the tighter control of cost of services and the increase in revenue while some of the cost of services not variable with revenue remains relatively stable.

The administrative expenses slightly increased by approximately HK\$0.1 million or 1.6%, from HK\$6.4 million for the three months ended 30 June 2014 to HK\$6.5 million for the three months ended 30 June 2015. In both periods, listing expenses represented the largest item of our administrative expenses and amounted to approximately HK\$3.9 million and HK\$3.0 million respectively. Directors' emoluments increased from approximately HK\$1.2 million for the three months ended 30 June 2014 to approximately HK\$1.6 million for the three months ended 30 June 2015. The increase is mainly attributable to the increase in the fees as well as other benefits to the Directors having considered the operating results of the Group.

Net profits for the three months ended 30 June 2015 was approximately HK\$575,000 (2014: loss HK\$601,000). If the listing expenses of approximately HK\$3.0 million and HK\$3.9 million for the three months ended 30 June 2014 and 2015 respectively were added back to the net profits for both periods, the Group's adjusted net profits would have been HK\$3.6 million and HK\$3.3 million respectively.



## OTHER INFORMATION

### Interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation

The shares of the Company were listed on GEM on 10 August 2015 (the "Listing Date"). As at the date of this report, the interests and short positions of the Directors and chief executive of the Company (the "Chief Executive") in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules (the "Required Standard of Dealings") or Rule 23.07 of the GEM Listing Rules are as follows:

#### Long position in ordinary shares of the Company

Name of Directors	Capacity/Nature of interests capital	Number of Shares held	Percentage of issued Shares (Note 3)
Mr. Wong Chin To (Note 1)	Interest of a controlled corporation	300,000,000	37.5%
Mr. Tse Chun Kit (Note 2)	Interest of a controlled corporation	300,000,000	37.5%

Notes:

- Mr. Wong Chin To ("Mr. Wong") beneficially owns the entire issued share capital of Get Real Holdings Limited ("Get Real"). Therefore, Mr. Wong is deemed, or taken to be, interested in all the Shares held by Get Real for the purpose of the SFO.
- Mr. Tse Chun Kit ("Mr. Tse") beneficially owns the entire issued share capital of Dor Holdings Limited ("Dor Holdings"). Therefore, Mr. Tse is deemed, or taken to be, interested in all the Shares held by Dor Holdings for the purpose of the SFO.
- The percentage is calculated on the basis of 800,000,000 Shares in issue as at the date of this report.

Save as disclosed above, as at the date of this report, none of the Directors or the Chief Executive had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Required Standard of Dealings.

### Interests and short positions of substantial shareholders of the Company in the shares and underlying shares of the Company

As at the date of this report, so far as is known to the Directors and the Chief Executive and based on the public records filed on the website of the Stock Exchange and records kept by the Company, the interest and short positions of the persons or corporations (other than the Directors and the Chief Executive) in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are as follows:

Name of Directors	Capacity/Nature of interests capital	Number of Shares held	Percentage of issued Shares (Note 3)
Get Real Holdings Limited	Beneficial owner	300,000,000	37.5%
Ms. Wong Ching Nam (Note 1)	Interest of spouse	300,000,000	37.5%
Dor Holdings Limited	Beneficial owner	300,000,000	37.5%
Ms. Cheung Ho Yee (Note 2)	Interest of spouse	300,000,000	37.5%

Notes:

- Ms. Wong Ching Nam ("Ms. Wong") is the spouse of Mr. Wong. Under the SFO, Ms. Wong is deemed to be interested in the same number of Shares in which Mr. Wong is interested.
- Ms. Cheung Ho Yee ("Ms. Cheung") is the spouse of Mr. Tse. Under the SFO, Ms. Cheung is deemed to be interested in the same number of Shares in which Mr. Tse is interested.
- The percentage is calculated on the basis of 800,000,000 Shares in issue as at the date of this report.

Save as disclosed above, as at the date of this report, there was no person or corporation (other than the Directors and the Chief Executive) who had any interest or short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

### **Competing Interests**

The Directors, the controlling shareholders of the Company and their respective close associates do not have any interest in a business apart from our business which competes and is likely to compete, directly or indirectly, with our business.

### **Compliance Adviser's Interests**

As at the date of this report, neither Shenwan Hongyuan Capital (H.K.) Limited, the compliance adviser of the Company, nor any of its directors, employees or close associates has any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) pursuant to Rule 6A.32 of the GEM Listing Rules.

### **Directors' Securities Transactions**

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.46 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the period from the Listing Date to the date of this report.

### **Purchase, Sale of Redemption of the Company's Securities**

The Company was listed on 10 August 2015. Save as disclosed in the Prospectus, during the three months ended 30 June 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

### **Compliance with the Corporate Governance Code**

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company's corporate governance practices are based on the principles of good corporate governance as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "CG Code") and in relation to, among others, our Directors, Chairman and Chief Executive Officer, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communications with the shareholders of the Company.

The Company was listed on 10 August 2015. To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code since the Listing Date.

### **Audit Committee**

The audit committee of The Company (the "Audit Committee") was established by the Board on 6 July 2015 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Wong Chi Shing. The other members are Mr. Kuo Tung Ming and Ms. Si Tou Man Wai. The primary duties of the Audit Committee are to review and approve the Group's financial reporting process and the internal control systems of the Group.

The Audit Committee had reviewed the unaudited combined results of the Group for the three months ended 30 June 2015 with the management and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

By order of the Board  
**Pak Wing Group (Holdings) Limited**  
**Wong Chin To**  
*Chairman*

Hong Kong, 12 August 2015

*As at the date of this report, the executive Directors are Mr. Wong Chin To, Mr. Tse Chun Kit, and Ms. Chan Siu Ying; and the independent non-executive Directors are Mr. Wong Chi Shing, Mr. Kuo Tung Ming and Ms. Si Tou Man Wai.*