



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



Interim Report 2015-16



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This report, for which the directors (the “Directors”) of Pak Wing Group (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 of the Stock Exchange (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.



FINANCIAL RESULTS

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE AND SIX MONTHS ENDED 30 SEPTEMBER 2015

	Notes	Three months ended 30 September		Six months ended 30 September	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue	3	20,244	40,028	49,334	66,240
Cost of services		(23,263)	(29,515)	(44,375)	(49,148)
Gross (loss)/profit		(3,019)	10,513	4,959	17,092
Other income		1	6	1	6
Administrative expenses		(6,628)	(7,393)	(13,132)	(13,773)
Finance costs	4	(204)	(135)	(366)	(260)
(Loss)/profit before income tax expense	5	(9,850)	2,991	(8,538)	3,065
Income tax credit/(expense)	6	934	(1,150)	197	(1,825)
(Loss)/profit and total comprehensive income for the period attributable to the owners of the Company		(8,916)	1,841	(8,341)	1,240
(Loss)/earnings per share		HK cents	HK cents	HK cents	HK cents
– Basic and diluted	7	(1.115)	0.230	(1.043)	0.155



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2015 HK\$'000 (Unaudited)	As at 31 March 2015 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	41,310	25,603
Current assets			
Amounts due from customers for contract work	10	204	1,159
Trade and other receivables	11	36,187	40,614
Current tax recoverable		433	915
Cash and cash equivalents		18,991	6,425
		55,815	49,113
Current liabilities			
Trade and other payables	12	13,411	16,215
Obligations under finance leases	13	5,513	3,014
Bank borrowings, secured	14	1,912	5,137
		20,836	24,366
Net current assets		34,979	24,747
Total assets less current liabilities		76,289	50,350
Non-current liabilities			
Obligations under finance leases	13	9,486	4,293
Deferred tax liabilities		2,307	2,504
		11,793	6,797
NET ASSETS		64,496	43,553
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	8,000	22
Reserves		56,496	43,531
TOTAL EQUITY		64,496	43,553



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

	Attributable to the owners of the Company				
	Share capital HK\$'000	Share premium HK\$'000	Merger reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000
As at 1 April 2015 (Audited)	22	–	–	43,531	43,553
Loss and total comprehensive income for the period	–	–	–	(8,341)	(8,341)
Issue of shares pursuant to the Reorganisation	358	–	(358)	–	–
Issue of shares upon placing	1,200	40,800	–	–	42,000
Issuing expense of placing	–	(4,716)	–	–	(4,716)
Issue of shares pursuant to Capitalisation Issue	6,420	(6,420)	–	–	–
Dividend paid (note 8)	–	–	–	(8,000)	(8,000)
As at 30 September 2015 (Unaudited)	8,000	29,664	(358)	27,190	64,496
As at 1 April 2014 (Audited)	20	–	–	32,657	32,677
Profit and total comprehensive income for the period	–	–	–	1,240	1,240
Issue of new shares on incorporation of a new group company	1	–	–	–	1
As at 30 September 2014 (Unaudited)	21	–	–	33,897	33,918



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(252)	(2,104)
Net cash used in investing activities	(9,528)	(3,623)
Net cash generated from financing activities	22,346	3,335
Net increase/(decrease) in cash and cash equivalents	12,566	(2,392)
Cash and cash equivalents at beginning of the year	6,425	11,086
Cash and cash equivalents at end of the period	18,991	8,694



NOTES TO THE UNAUDITED FINANCIAL RESULTS

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 "Listing"). The Group is principally engaged in the foundation business as a foundation subcontractor in Hong Kong.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group's unaudited condensed consolidated financial information for the six months ended 30 September 2015 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" 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 (the "Reorganisation") which was completed on 6 July 2015 as detailed in the section headed "History, Reorganisation and Corporate Structure" in the prospectus issued by the Company dated 28 July 2015 (the "Prospectus"), the Company became the holding company of the companies comprising the Group.

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the unaudited condensed consolidated financial information of the Group has 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 Reorganisation had been in existence throughout the six months ended 30 September 2015 and the six months ended 30 September 2014.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial information are consistent with those adopted in the accountant's report included in the Prospectus, except for the adoption of those new and revised HKFRSs that are newly effective for the six months ended 30 September 2015.

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

The preparation of condensed consolidated interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This condensed consolidated financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to the understanding of the changes in financial position and performance of the Group since the 2015 annual financial statements. The condensed consolidated financial information and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

The unaudited condensed consolidated financial information is 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

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Interest on bank borrowings wholly repayable within five years	40	31	105	57
Interest on finance leases	164	104	261	203
	204	135	366	260

5. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
(Loss)/profit before income tax expense is arrived at after charging:				
Employee benefit expense (including Directors' remuneration)	7,732	9,180	16,437	17,310
Listing expenses	1,854	3,904	4,867	7,807
Loss on disposal of property, plant & equipment	55	45	55	110
Depreciation	2,733	1,809	4,804	3,497
Operating lease rentals in respect of:				
– Land and building	403	405	801	791
– Plant and equipment	2,481	2,570	2,708	2,889

6. INCOME TAX CREDIT/(EXPENSE)

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Current tax for the period:				
Hong Kong profits tax	881	(979)	–	(1,820)
Deferred tax	53	(171)	197	(5)
	934	(1,150)	197	(1,825)

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong during the six months ended 30 September 2015 and 30 September 2014, unless the Group did not generate from any assessable profits arising in Hong Kong during the periods.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in these countries.

7. (LOSS)/EARNINGS 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 (loss)/earnings per share for the six months ended 30 September 2015 and 2014 is based on the loss for the period attributable to the owners of the Company of approximately HK\$8,341,000 and the profit for the period attributable to the owners of the Company of HK\$1,240,000, 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 periods.



8. DIVIDEND

During the six months ended 30 September 2015 and before the Listing, a dividend of HK\$8,000,000 was distributed by Pak Wing Group Limited, a wholly owned subsidiary of the Company after the Reorganization as described in the Prospectus, to its then shareholders. The rate of dividend and the number of shares ranking for dividend are not presented as such information is not meaningful for the purpose of this report.

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: nil).

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Machineries HK\$'000	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost					
As at 1 April 2014 (Audited)	74	24,668	259	3,436	28,437
Additions	924	7,537	153	520	9,134
Disposal	(74)	–	(34)	(82)	(190)
As at 31 March 2015 (Audited)	924	32,205	378	3,874	37,381
Additions	–	18,415	926	1,243	20,584
Disposal	–	–	–	(163)	(163)
As at 30 September 2015 (Unaudited)	924	50,620	1,304	4,954	57,802
Accumulated depreciation					
As at 1 April 2014 (Audited)	31	3,835	33	632	4,531
Provided for the year	236	5,989	73	1,025	7,323
Written back on disposal	(37)	–	(6)	(33)	(76)
As at 31 March 2015 (Audited)	230	9,824	100	1,624	11,778
Provided for the period	138	3,833	84	749	4,804
Written back on disposal	–	–	–	(90)	(90)
As at 30 September 2015 (Unaudited)	368	13,657	184	2,283	16,492
Net book value					
As at 30 September 2015 (Unaudited)	556	36,963	1,120	2,671	41,310
As at 31 March 2015 (Audited)	694	22,381	278	2,250	25,603

The net carrying amount of property, plant and equipment includes the following assets held under finance leases (Note 13).

	As at 30 September 2015 HK\$'000	As at 31 March 2015 HK\$'000
Machineries	20,307	9,439
Motor vehicles	1,781	502
	22,088	9,941



10. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	As at 30 September 2015 HK\$'000 (Unaudited)	As at 31 March 2015 HK\$'000 (Audited)
Contracts in progress at the end of the reporting periods:		
Contract costs incurred	18,062	32,825
Recognised profits less recognised losses	6,242	15,251
	24,304	48,076
Less: progress billings	(24,100)	(46,917)
	204	1,159
Amounts due from customers for contract work	204	1,159
Amounts due to customers for contract work	-	-
Construction contracts in progress, net position	204	1,159

As at 30 September 2015, retentions held by customers for contract work included in trade and other receivables (Note 11) amounted to HK\$1,866,000 (as at 31 March 2015: HK\$4,303,000).

As at 30 September 2015, contract work in progress amounted to HK\$204,000 (as at 31 March 2015: HK\$1,159,000), representing costs incurred that relate to future activity on contracts.

11. TRADE AND OTHER RECEIVABLES

	As at 30 September 2015 HK\$'000 (Unaudited)	As at 31 March 2015 HK\$'000 (Audited)
Trade receivables	31,173	32,020
Retention receivables	1,866	4,303
Other receivables	1,813	828
Prepayments and deposits	1,335	3,463
	36,187	40,614

The following is an analysis of trade receivables by age, presented based on the invoice dates:

	As at 30 September 2015 HK\$'000 (Unaudited)	As at 31 March 2015 HK\$'000 (Audited)
Less than 1 month	7,288	7,381
1 to 3 months	18,203	14,160
More than 3 months but less than one year	5,682	10,479
	31,173	32,020

The Group grants an average credit period of 30 to 90 days to its trade customers of contract works. Application for progress payments of contract works is made on a regular basis.



12. TRADE AND OTHER PAYABLES

	As at 30 September 2015 HK\$'000 (Unaudited)	As at 31 March 2015 HK\$'000 (Audited)
Trade payables	10,921	11,123
Other payables and accruals	2,490	5,092
	13,411	16,215

The following sets out the ageing analysis of trade payables presented based on the invoices dates:

	As at 30 September 2015 HK\$'000 (Unaudited)	As at 31 March 2015 HK\$'000 (Audited)
Less than 1 month	5,762	3,878
1 to 3 months	3,481	5,567
More than 3 months but less than one year	1,678	551
More than one year	-	1,127
	10,921	11,123

13. FINANCE LEASES

The Group leases a number of its machines and motor vehicles for business use. Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

Future lease payments are due as follows:

	Minimum lease payments HK\$'000	Interest HK\$'000	Present value HK\$'000
As at 30 September 2015 (Unaudited)			
Not later than one year	6,367	(854)	5,513
Later than one year and not later than two years	5,005	(571)	4,434
Later than two years and not later than five years	5,751	(699)	5,052
	17,123	(2,124)	14,999
As at 31 March 2015 (Audited)			
Not later than one year	3,324	(310)	3,014
Later than one year and not later than two years	2,984	(145)	2,839
Later than two years and not later than five years	1,503	(49)	1,454
	7,811	(504)	7,307



The present value of future lease payments are analysed as:

	As at 30 September 2015 HK\$'000 (Unaudited)	As at 31 March 2015 HK\$'000 (Audited)
Current liabilities	5,513	3,014
Non-current liabilities	9,486	4,293
	14,999	7,307

The finance leases were secured by joint personal guarantees given by Mr. Wong and Mr. Tse as at 31 March 2015. The personal guarantees were released and replaced by corporate guarantees upon the Listing. As at 30 September 2015, the finance leases were secured by corporate guarantees.

14. BANK BORROWINGS, SECURED

	As at 30 September 2015 HK\$'000 (Unaudited)	As at 31 March 2015 HK\$'000 (Audited)
Bank borrowings, secured	1,912	5,137

The bank borrowing bears a flat interest rate at 3.1% per annum and is repayable in full by January 2016 as at 30 September 2015. As at 31 March 2015, the bank borrowings bear interest at the range of Hong Kong Prime Rate minus 1.75%-3.1% per annum and are repayable in full by April 2015 and January 2016, respectively. The bank borrowings were secured by joint personal guarantees given by Mr. Wong and Mr. Tse as at 31 March 2015. The personal guarantees were released and replaced by corporate guarantees upon the Listing. As at 30 September 2015, the bank borrowing was secured by corporate guarantees.

15. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each As at 31 March 2015 (note a)	38,000,000	380
Increase in authorised share capital on 6 July 2015 (note b)	962,000,000	9,620
	1,000,000,000	10,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
Issue of shares upon incorporation and as at 31 March 2015 (note a)	2	—*
Issue of shares upon the Reorganisation (note d)	37,999,998	380
Issue of shares by Capitalisation Issue (Note e)	642,000,000	6,420
Issue of shares upon placing (note f)	120,000,000	1,200
As at 30 September 2015	800,000,000	8,000

* Represent – amount less than \$1,000.



- (a) The Company was incorporated in the Cayman Islands on 15 July 2014 with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. On the same date, one share was allotted and issued nil-paid to the subscriber and was subsequently transferred to Get Real (an investment holding company wholly owned by Mr. Wong). On 13 January 2015, Dor Holdings (an investment holding company wholly owned by Mr. Tse) subscribed for one nil-paid share.
- (b) Pursuant to the written resolutions passed on 6 July 2015, the authorised share capital of the Company was increased from HK\$380,000 to HK\$10,000,000 by the creation of an additional 962,000,000 shares.
- (c) The share capital of the Group as at 31 March 2015 represented the combined share capital of the companies now comprising the Group.
- (d) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Pak Wing Group and Unicorn World from Get Real and Dor Holdings, on 6 July 2015, (i) the one and one nil-paid shares held by Get Real and Dor Holdings, respectively, were credited as fully paid, and (ii) 18,999,999 and 18,999,999 shares, all credited as fully paid, were allotted and issued to Get Real and Dor Holdings, respectively.
- (e) Pursuant to written resolutions passed on 6 July 2015, the Directors were authorised to capitalise an amount of HK\$6,420,000 standing to the credit of the share premium account of the Company and applied such amount to pay up in full at par of 642,000,000 shares of the Company ("Capitalisation Issue").
- (f) Under the placing taken place during the period, 120,000,000 new shares of HK\$0.01 each were issued at a price of HK\$0.35 per share for a total cash consideration (before share issuance expenses) of approximately HK\$42,000,000.

16. RELATED PARTY TRANSACTIONS

The Group entered into the following significant related party transactions during the period.

Name of related parties	Nature of transactions	Six months ended 30 September	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Oriental Boring & Eng. Ltd. ^(a)	Income from provision of construction services ^(c)	-	19,964
	Contract related services charge ^(c)	-	328
	Purchase of contract materials ^(c)	-	54
Air Power Limited ^(b)	Machinery rental expense ^(c)	-	9

Notes:

^(a) Oriental Boring & Eng. Ltd. is beneficially owned by the parents of Mr. Tse Chun Kit, a director of the Company.

^(b) Mr. Tse Chun Kit, a director of the Company, has a beneficial interest of 50% in Air Power Limited.

^(c) The transactions were conducted on terms and conditions mutually agreed between the relevant parties. The Directors are of the opinion that these related party transactions were conducted in the ordinary course of business of the Group.



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

The Group is principally engaged in the foundation business 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 shares of Company were successfully listed on GEM on 10 August 2015. The listing proceeds raised have strengthened the Group's cash flow. The Group has implemented part of and will continue to implement its future plans i.e. acquiring machinery and strengthening its manpower as disclosed in the Prospectus.

For the three months ended 30 June 2015, the Group recorded a net profit of approximately HK\$575,000 as compared to a net loss of approximately HK\$601,000 for the same period in 2014. Due to unforeseeable factors as elaborated below, the Group's revenue for the six months ended 30 September 2015 represented a decrease of approximately 25.5% as compared to the revenue of the six months ended 30 September 2014. The Directors are of the view that the downturn experienced by the Group during the last quarter was temporary. In view of the up-to-date pipeline down the road, the Directors have the confidence that the Group's revenue will catch up and the current situation will improve by the end of this financial year. To ensure the success of the Group, the Board will closely monitor the performance of the Group and the Group will continue to pursue the following key business strategies: (i) further strengthening the manpower; (ii) acquisition of additional equipment and machinery to strengthen the ability of project implementation; and (iii) strengthening its market position by continuing to provide quality work to its customers. Generally, the Directors remain 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

Turnover

The Group's revenue for the six months ended 30 September 2015 was approximately HK\$49.3 million, representing a decrease of approximately HK\$16.9 million or 25.5% as compared to the revenue for the six months ended 30 September 2014. The declined revenue was as a result of some unforeseeable factors such as delayed completion of certain foundation projects and variation of certain project contracts during the last three months in the interim period. In particular, the Kai Tak Development Project involving grouting works and 219mm pipe pile contributed approximately HK\$0.95 million to the Group's revenue for the six months ended 30 September 2015, representing 10% of the total budget expected of the project which was scheduled to be completed by early October.

Gross Profit and Gross Profit Margin

For the six months ended 30 September 2015, the Group recorded a gross profit of approximately HK\$5.0 million (six months ended 30 September 2014: HK\$17.1 million) and the gross profit margin was approximately 10.1% (six months ended 30 September 2014: 25.8%). The declined gross profit margin was as a result of, *inter alia*, an increase in labour costs incurred (as a percentage to the Group's revenue) in order to meet additional requirements of certain foundation projects which turn out to be more technically challenging than originally anticipated. For example, a foundation project for a residential property in Wanchai incurred more than expected labour costs to complete the required works leading to a gross loss for the project for the period up to the end of September 2015.

Administrative Expenses

The administrative expenses slightly decreased by approximately HK\$0.6 million or 4.7%, from HK\$13.8 million for the six months ended 30 September 2014 to HK\$13.1 million for the six months ended 30 September 2015. In both periods, listing expenses represented the largest item of our administrative expenses and amounted to approximately HK\$7.8 million and HK\$4.9 million respectively. Directors' emoluments increased from approximately HK\$2.3 million for the six months ended 30 September 2014 to approximately HK\$3.1 million for the six months ended 30 September 2015. The increment was due to directors' emoluments to executive directors which commenced from 2015.



(Loss)/Profit Attributable to Owners of the Company

Net Loss for the six months ended 30 September 2015 was approximately HK\$8,341,000 (six months ended 30 September 2014: profit HK\$1,240,000). If the listing expenses of approximately HK\$7.8 million and HK\$4.9 million for the six months ended 30 September 2014 and 2015 respectively were added back to the net profit/(loss) for the relevant period, the Group would have an adjusted net profit of approximately HK\$9 million and an adjusted net loss of approximately HK\$3.5 million respectively.

Liquidity, Financial Resources and Capital Structure

The Group's shares were successfully listed on GEM on 10 August 2015. There has been no change in the capital structure of the Group since the date of Listing and up to the date of this report.

	As at 30 September 2015 HK\$'000 (Unaudited)	As at 31 March 2015 HK\$'000 (Audited)
Current assets	55,815	49,113
Current liabilities	20,836	24,366
Current ratio	2.68	2.02

The current ratio of the Group as at 30 September 2015 was approximately 2.68 times as compared to that of approximately 2.02 as at 31 March 2015. It was mainly resulted from the funds raised from the Listing in August 2015.

As at 30 September 2015, the Group had total cash and cash equivalents of approximately HK\$18,991,000 (31 March 2015: approximately HK\$6,425,000).

As at 30 September 2015 and 31 March 2015, the Group had bank borrowing and finance leases of total approximately HK\$16,911,000 and HK\$12,444,000 respectively. The scheduled repayment date of the Group's bank borrowings and finance leases, as set out in the loan agreements and without considering the effect of any repayment on demand clauses were as follows:

	As at 30 September 2015 HK\$'000 (Unaudited)	As at 31 March 2015 HK\$'000 (Audited)
Within 1 year	7,425	8,151
Between 1 and 2 years	4,434	2,840
Between 2 and 5 years	5,052	1,453
	16,911	12,444

Gearing Ratio

The gearing ratio of the Group, calculated as total debts divided by total equity as at the end of the period/year. Total debt includes all interest-bearing loans and obligations under finance leases. The ratio was approximately 26.2% as at 30 September 2015 (31 March 2015: approximately 28.6%).

Interim Dividend

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: nil).

Contingent Liabilities

As at 30 September 2015, the Group did not have any significant contingent liabilities.



Pledge of Assets

As at 30 September 2015, the Group had no assets pledged for bank borrowings or for other purpose.

Capital Commitments

As at 30 September 2015, the Group did not have any significant capital commitment.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

Save as disclosed in the Prospectus, during the six months ended 30 September 2015, the Group did not have any material acquisitions and disposal of subsidiaries and affiliated companies.

Significant Investments held by the Group

Save as disclosed in the Prospectus, during the six months ended 30 September 2015, there was no significant investment held by the Group.

Future Plan for Material Investments and Capital Assets

Save as disclosed in the Prospectus, the Group does not have any concrete plan for material investments or capital assets for the coming year.

Foreign Currency Risk

As most of the Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars, the Group's exposure to exchange rate risk is limited.

Employees and Remuneration Policy

As at 30 September 2015, the Group employed a total of 69 staff. The total employee remuneration including remuneration of the Directors, for the six months ended 30 September 2015 amounted to approximately HK\$16.4 million.

The Group entered into separate labour contracts with each of our employees in accordance with the applicable labour laws in Hong Kong. The Group provides its staff with various benefits including discretionary bonus, contributory provident fund and medical insurance. The Group also provides and sponsors various types of training to employees and offer options that may be granted to employees under the share option scheme.

Use of Proceeds from Placing

The net proceeds from the issue of new shares of the Group at the time of its listing on GEM on 10 August 2015 through a placement of 120,000,000 shares of HK\$0.01 each in the share capital of the Group at the price of HK\$0.35 per share, after deduction of the related underwriting fees and issuance expenses paid by the Group in connection thereto, were approximately HK\$24.3 million.

The future operation plans of the Group are as follows:

- Approximately HK\$18.4 million for acquiring machinery
- Approximately HK\$4.4 million for strengthening our manpower
- Approximately HK\$1.5 million for general working capital

As at the date of this report, the Directors of the Company do not anticipate any change to the above intention. Up to the date of this report, the Company has acquired machinery approximately HK\$8 million, with unutilised net proceeds being placed with an authorised financial institution in Hong Kong.



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 and its associated corporations

The shares of the Company were listed on GEM on 10 August 2015. As at 30 September 2015, 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 30 September 2015, none of the Directors or the Chief Executive or their respective associates 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 30 September 2015, 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 shareholders	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 30 September 2015, 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.

Share Option Scheme

The Company has adopted a share option scheme (the "Share Option Scheme") on 6 July 2015. No share option has been granted under the Share Option Scheme since its adoption.

Competing Interests

The Directors, the controlling shareholders 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 30 September 2015, 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 date of Listing to the date of this report.



Purchase, Sale or Redemption of the Company's Securities

The shares of the Company were listed on 10 August 2015. Save as disclosed in the Prospectus, during the six months ended 30 September 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 shares of the Company were 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 date of Listing.

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 consolidated results of the Group for the six months ended 30 September 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, 13 November 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.