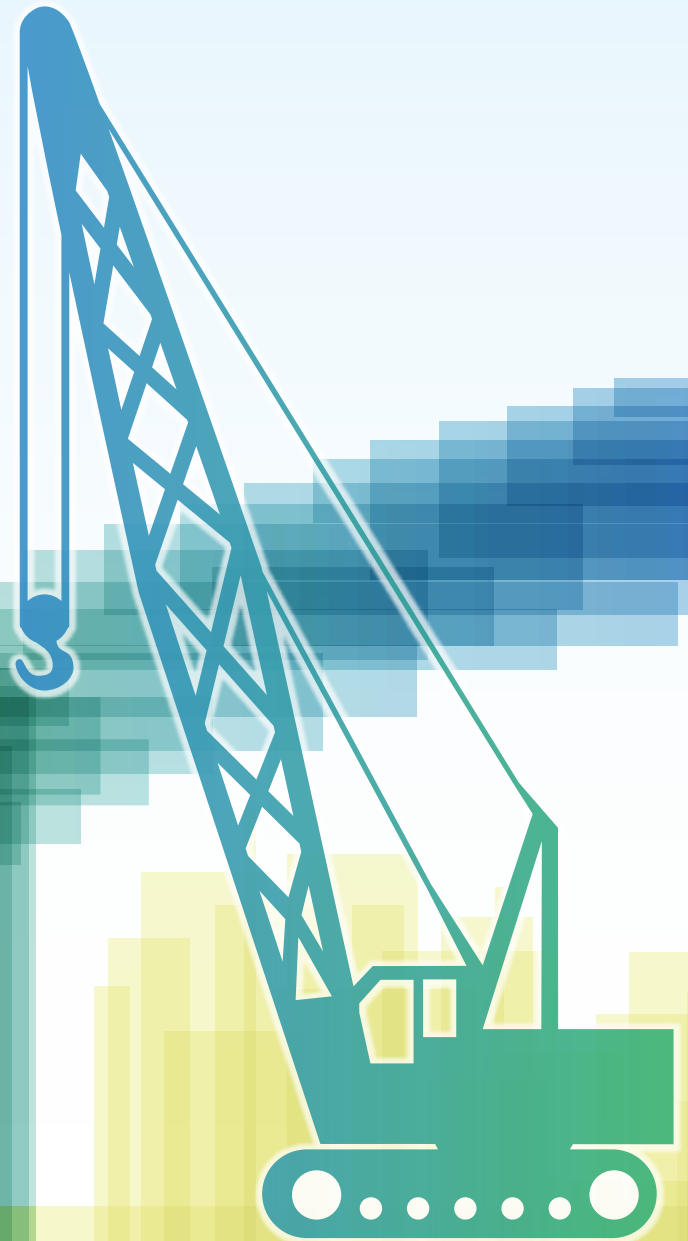


Luen Wong Group Holdings Limited

聯旺集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 8217

2016 First Quarterly Report



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

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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 of the Stock Exchange 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 (the “Directors”) of Luen Wong 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, 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.

RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (referred to as the “Group”) for the three months ended 30 June 2016 together with the unaudited comparative figures for the corresponding period of 2015.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended 30 June 2016

	Note	Three months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue	4	157,140	52,037
Cost of sales		(145,163)	(50,280)
Gross profit		11,977	1,757
Other income		170	191
Administrative and other operating expenses	5	(6,706)	(534)
Profit from operations		5,441	1,414
Finance costs		(99)	(125)
Profit before income tax		5,342	1,289
Income tax expense	6	(1,639)	(199)
Profit and total comprehensive income for the period attributable to equity holders of the Company		3,703	1,090
		HK cents	HK cents
Earnings per share attributable to equity holders of the Company			
Basic and diluted	8	0.3	0.1



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)*For the three months ended 30 June 2016*

	Total equity attributable to equity holders of the Company					
	Share capital	Share premium	Other reserve	Capital reserve	Retained earnings	Total equity
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance as at 1 April 2015	-	-	-	3,820	4,484	8,304
Profit and total comprehensive income for the period	-	-	-	-	1,090	1,090
Balance as at 30 June 2015 (unaudited)	-	-	-	3,820	5,574	9,394
Balance as at 1 April 2016	-	-	10,400	3,820	12,875	27,095
Profit and total comprehensive income for the period	-	-	-	-	3,703	3,703
Issuance of ordinary shares pursuant to the Placing	2,080	52,000	-	-	-	54,080
Issuance of ordinary shares pursuant to the Capitalisation Issue	10,400	(10,400)	-	-	-	-
Expenses incurred in connection with the issuance of ordinary shares	-	(4,928)	-	-	-	(4,928)
Balance as at 30 June 2016 (unaudited)	12,480	36,672	10,400	3,820	16,578	79,950

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 16 October 2015. The address of the Company's registered office and principal place of business are P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and Unit 1505, 15/F, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong respectively.

The Company is an investment holding company and the Group are principally engaged in the provision of civil engineering works and investment holding.

The Company's immediate and ultimate holding company is Blooming Union Investments Limited ("Blooming Union"), a company incorporated and domiciled in the British Virgin Islands. The directors consider the ultimate controlling shareholders of the Company to be Mr. Wong Che Kwo and Mr. Wong Wing Wah (collectively referred to as the "Controlling Shareholders").

The Company's shares are listed on the GEM of the Stock Exchange on 12 April 2016.

2. BASIS OF PRESENTATION

Pursuant to a group reorganisation of the Company in connection with the listing of its shares on the Stock Exchange (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 22 February 2016.

Details of the Reorganisation are set out in the paragraph headed "Reorganisation" in the section headed "History and Development" in the Company's prospectus dated 31 March 2016. The Group is under the common control of the Controlling Shareholders prior to and after the Reorganisation. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The unaudited condensed consolidated financial statements of the Group have been prepared using the principles of merger accounting under Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the three months ended 30 June 2015, or since their respective dates of incorporation/establishment, where it is a shorter period.

3. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2016 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 March 2016. The accounting policies used in the preparation of the unaudited condensed consolidated financial statements are consistent with those adopted in the annual consolidated financial statements of the Group for the year ended 31 March 2016.



HKICPA has issued a number of new and amended HKFRSs. For those which are effective for accounting period beginning on 1 April 2016, the adoption of these amended HKFRSs had no material impact on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. The Group has not early adopted any new and amended HKFRSs that are relevant to the Group have been issued but are not yet effective for the current accounting period.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars ("HK\$"), which is the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands ("HK\$'000"), except when otherwise indicated.

The preparation of the unaudited condensed consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the accounting policies of the Group.

The unaudited condensed consolidated financial statements have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

4. REVENUE

Revenue represents the consideration received and receivable from the provision of civil engineering works.

5. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	Three months ended 30 June	
	2016 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)
Staff costs, including directors' emoluments	603	163
Depreciation	90	180
Rental fees, building management fees and rates	75	85
Utility expenses	43	25
Insurance expenses	581	1
Professional fees	989	–
Audit fee	50	–
Listing expenses	3,737	–
Others	538	80
	6,706	534

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the three months ended 30 June 2016 and 2015.

	Three months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Current tax		
- Hong Kong profits tax	15	–
- Deferred tax	1,624	199
Income tax expense	<u>1,639</u>	<u>199</u>

7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 30 June 2016 and 2015.

8. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to equity holders of the Company is based on the following:

	Three months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Earnings		
Profit for the period attributable to equity holders of the Company	<u>3,703</u>	<u>1,090</u>
Number of shares		
Weighted average number of ordinary shares (in thousands)	<u>1,225,143</u>	<u>1,040,000</u>

The weighted average number of ordinary shares for the three months ended 30 June 2015 has been adjusted retrospectively on the assumption that the Reorganisation and the Capitalisation Issue (note) had been effective on 1 April 2015.

There were no dilutive potential ordinary shares during the three months ended 30 June 2016 and 2015 and therefore, diluted earnings per share equals to basic earnings per share.

Note: On 11 April 2016, 208,000,000 shares of HK\$0.01 each of the Company were allotted and issued at a price of HK\$0.26 per share by way of placing (the "Placing").

Subject to the share premium account of the Company being credited as a result of the Placing, the directors were authorised to allot and issue a total of 1,039,990,000 shares credited as fully paid at par to Blooming Union by way of capitalisation of the sum of HK\$10,399,900 standing to the credit of the share premium account of the Company (the "Capitalisation Issue"). The Capitalisation Issue was completed on 12 April 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group has over 16 years of experience in providing civil engineering works as a subcontractor in Hong Kong. The civil engineering works undertaken by the Group are mainly related to (i) roads and drainage works (including construction and improvement of local road, carriageway with junction improvement and the associated footpaths, planting areas, drains, sewers, water mains and utilities diversion); (ii) structural works (including construction of reinforced concrete structures for bridges and retaining walls); and (iii) site formation works (including excavation and/or filling works for forming a new site or achieving designed formation level for later development).

The Company's shares were successfully listed on the GEM on 12 April 2016 by way of placing (the "Placing"). 312,000,000 placing shares (comprising 208,000,000 new shares offered by the Company and 104,000,000 sale shares offered by the selling shareholder) were issued at HK\$0.26 per share pursuant to the Placing. The net proceeds raised allow for the expansion of the Group through acquisition of additional site equipment and further strengthening our manpower.

The Directors considers that the demand for civil engineering works is expected to surge in the future due to various infrastructure development plans, notably the Ten Major Infrastructure Projects, and the planned increase in the Government's public expenditure on infrastructure, resulting in more business opportunities being presented to the market, and by acquiring more site equipment and further strengthening our manpower would in turn increase our chances in securing more projects in the future.

FINANCIAL REVIEW

Revenue

All of the Group's revenue was generated from the provision of civil engineering works. The total revenue of the Group increased by approximately HK\$105,103,000 from approximately HK\$52,037,000 for the three months ended 30 June 2015 to approximately HK\$157,140,000 for the three months ended 30 June 2016. Such increase was mainly due to the growth of demand for civil engineering services and the increase in scale of contracts undertaken by the Group. We had 17 contracts on hand for both periods, however the contract sum for contracts on hand increased from approximately HK\$704,878,000 as at 30 June 2015 to approximately HK\$1,355,677,000 as at 30 June 2016.

Gross Profit and Gross Profit Margin

The Group's gross profit increased significantly by approximately HK\$10,220,000 from approximately HK\$1,757,000 for the three months ended 30 June 2015 to approximately HK\$11,977,000 for the three months ended 30 June 2016. The Group's gross profit margin increased from 3.4% for the three months ended 30 June 2015 to 7.6% for the three months ended 30 June 2016, representing an increase of approximately 4.2 percentage points. Such increase was mainly attributable to the significant gross profit contribution from a major project with contract sum of HK\$455,319,000, the gross profit margin of which is higher than the gross profit margin generated by the Group during the three months ended 30 June 2015.

The gross profit margin varied substantially from project to project and is mainly attributable to our pricing, which is determined based on a cost-plus pricing model in general with mark-up determined on a project-by-project basis. Details are set out in the paragraph headed "Gross Profit and Gross Profit Margin" in the section headed "Management Discussion and Analysis" in the Company's 2016 annual report dated 27 June 2016.

Other Income

Other income of the Group slightly decreased by approximately HK\$21,000 or 11.0% from approximately HK\$191,000 for the three months ended 30 June 2015 to approximately HK\$170,000 for the three months ended 30 June 2016.

Administrative Expenses

Administrative expenses of the Group increased by approximately HK\$6,172,000 from approximately HK\$534,000 for the three months ended 30 June 2015 to approximately HK\$6,706,000 for the three months ended 30 June 2016. Administrative expenses consist primarily of staff costs, depreciation, rental expenses, Listing expenses and other administrative expenses. The increase was attributable to the non-recurring Listing expenses of approximately HK\$3,737,000 and a general increase in professional fees such as legal consultation fees, safety consultation fees and advisory fees, an increase in staff costs due to the addition of administrative staff, an increase in handling charge charged by the bank to deal with factoring of certain accounts receivables from our major customer to the bank and an increase in insurance costs of the Group.

Finance Costs

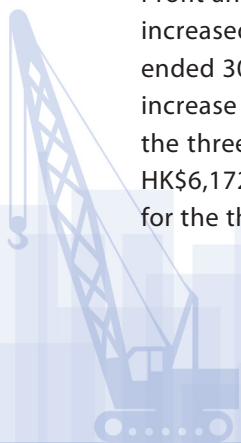
Finance costs for the Group slightly decreased by approximately HK\$26,000 or 20.8% from approximately HK\$125,000 for the three months ended 30 June 2015 to approximately HK\$99,000 for the three months ended 30 June 2016.

Income Tax Expense

Income tax expense for the Group had increased by approximately HK\$1,440,000 from approximately HK\$199,000 for the three months ended 30 June 2015 to approximately HK\$1,639,000 for the three months ended 30 June 2016. It was mainly due to the increase in profit before tax as discussed above and the non-deductible Listing expenses of approximately HK\$3,737,000 during the three months ended 30 June 2016.

Profit and total comprehensive income for the period attributable to equity holders of the Company

Profit and total comprehensive income for the period attributable to equity holders of the Company increased by approximately HK\$2,613,000 from approximately HK\$1,090,000 for the three months ended 30 June 2015 to approximately HK\$3,703,000 for the three months ended 30 June 2016. Such increase was primarily attributable to the net effect of (i) the increase in revenue and gross profit for the three months ended 30 June 2016; (ii) the increase in administrative expenses of approximately HK\$6,172,000 for the three months ended 30 June 2016; and (iii) the increase in income tax expense for the three months ended 30 June 2016.



DISCLOSURE OF INTERESTS

A. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2016, interests or short positions of the Directors, chief executives of the Company in the shares (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 Director	Capacity/Nature	Number of Shares held/interested	Percentage of shareholding
Wong Che Kwo	Interest of a controlled corporation (<i>note</i>)	936,000,000	75%
Wong Wing Wah	Interest of a controlled corporation (<i>note</i>)	936,000,000	75%

Note: These shares are held by Blooming Union, the entire issued share capital of which is legally and beneficially owned as to 50% by Mr. Wong Che Kwo and 50% by Mr. Wong Wing Wah. Therefore, Mr. Wong Che Kwo and Mr Wong Wing Wah are deemed or taken to be interested in all the Shares held by Blooming Union for the purpose of the SFO.

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

Name of Director	Number of associated corporation	Capacity/Nature	Number of Shares held/interested	Percentage of shareholding
Wong Che Kwo	Blooming Union	Beneficial owner	1	50%
Wong Wing Wah	Blooming Union	Beneficial owner	1	50%

Save as disclosed above, as at 30 June 2016, none of the Directors nor chief executive of the Company has registered an interest or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required 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 were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

B. SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2016, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company), had interest or short position in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholder	Capacity/Nature	Number of Shares held/interested	Percentage of shareholding
Blooming Union	Beneficial owner	936,000,000	75%
Law Oi Ling	Interest of spouse (<i>Note 1</i>)	936,000,000	75%
Lai Siu Kuen	Interest of spouse (<i>Note 2</i>)	936,000,000	75%

Note:

- Ms Law Oi Ling, the spouse of Mr. Wong Che Kwo, is deemed, or taken to be, interested in all Shares in which, Mr. Wong Che Kwo is interested for the purpose of the SFO.
- Ms. Lai Siu Kuen, the spouse of Mr. Wong Wing Wah is deemed, or taken to be, interest in all Shares in which, Mr. Wong Wing Wah is interested for the purpose of the SFO.

Save as disclosed above, as at 30 June 2016 and so far as is known to the Directors, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.



COMPETING INTERESTS

The Directors confirm that none of the Controlling Shareholders or the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by our Group which competes or is likely to compete, directly or indirectly, with our Group's business during the three months ended 30 June 2016.

INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, our Group has appointed TC Capital International Limited as our compliance adviser, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors' duties and internal controls. Except for the compliance adviser agreement entered into between the Company and our compliance adviser dated on 31 March 2016, neither our compliance advisor nor its Directors, employees or close associates had any interests in relation to the Company which is required to be notified to our Group pursuant to Rule 6A.32 of the GEM Listing Rules.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities after the Listing Date and up to the period ended 30 June 2016.

CORPORATE GOVERNANCE CODE

Save as disclosed below, the Directors consider that since the Listing Date to 30 June 2016, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 15 of the GEM Listing Rules.

Under code provision A.1.8 of the CG Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. Upon Listing, the Company sought to buy directors and officers liability insurance for the Directors. However, as the process of negotiation took some time, the said insurance was not bought until 25 April 2016. As such, the Company had not maintained directors and officers liability insurance for the Directors from the Listing Date to 24 April 2016. However, starting from 25 April 2016, the Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the shares of the Company (the "Code of Conduct"). The Company has made specific enquiry to all Directors, and all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct from the Listing Date to 30 June 2016.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 30 June 2016.

SHARE OPTION SCHEME

The share option scheme of the Company (the "Share Option Scheme") has been adopted by way of shareholder's written resolution passed on 24 March 2016. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 30 June 2016.

AUDIT COMMITTEE

An audit committee has been established 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 CG Code. The audit committee consists of three members, namely Mr. Liu Yan Chee James, Mr. Wong Chi Kan and Mr. Tai Hin Henry, all being independent non-executive Directors. Mr. Liu Yan Chee James currently serves as the chairman of the audit committee.

The committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of our Group, and as to the adequacy of the external and internal audits.

The audit committee has reviewed the unaudited consolidated financial statements of the Group for the three months ended 30 June 2016 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 have been made.

By order of the Board
Luen Wong Group Holdings Limited
Wong Che Kwo
Chairman and Executive Director

Hong Kong, 12 August 2016

As at the date of this report, the executive Directors are Mr. Wong Che Kwo (Chairman), Mr. Wong Wing Wah, Mr. Wong Tak Ming and Mr. Chiu Chi Wang and the independent non-executive Directors are Mr. Wong Chi Kan, Mr. Liu Yan Chee James and Mr. Tai Hin Henry.

