



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 2016



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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 Group for the six months ended 30 September 2016 (the "Relevant Period"), together with the comparative unaudited figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE AND SIX MONTHS ENDED 30 SEPTEMBER 2016

	Notes	Three months ended 30 September		Six months ended 30 September	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	3	27,559	20,244	69,747	49,334
Cost of services		(30,904)	(23,263)	(68,239)	(44,375)
Gross (loss)/profit		(3,345)	(3,019)	1,508	4,959
Other income		182	1	526	1
Reversal of impairment loss on retention receivables		770	–	770	–
Administrative expenses		(4,008)	(6,628)	(7,035)	(13,132)
Finance costs	4	(257)	(204)	(454)	(366)
Loss before income tax	5	(6,658)	(9,850)	(4,685)	(8,538)
Income tax	6	861	934	435	197
Loss and total comprehensive income for the period attributable to the owners of the Company		(5,797)	(8,916)	(4,250)	(8,341)
Loss per share		HK cents	HK cents	HK cents	HK cents
– Basic and diluted	7	(0.725)	(1.115)	(0.531)	(1.043)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	35,109	36,915
Deferred tax assets		805	114
		<u>35,914</u>	<u>37,029</u>
Current assets			
Amounts due from customers for contract work	10	295	3
Trade and other receivables	11	39,032	26,285
Current tax recoverable		3,627	3,627
Cash and cash equivalents		15,564	19,961
		<u>58,518</u>	<u>49,876</u>
Current liabilities			
Amounts due to customers for contract work	10	–	2,350
Trade and other payables	12	22,187	15,731
Obligations under finance leases	13	5,434	5,730
Bank borrowings, secured	14	1,066	2,640
		<u>28,687</u>	<u>26,451</u>
Net current assets		<u>29,831</u>	<u>23,425</u>
Total assets less current liabilities		<u>65,745</u>	<u>60,454</u>
Non-current liabilities			
Obligations under finance leases	13	7,555	8,270
Amounts due to directors	15	10,000	–
Deferred tax liabilities		320	64
		<u>17,875</u>	<u>8,334</u>
NET ASSETS		<u>47,870</u>	<u>52,120</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	8,000	8,000
Reserves		39,870	44,120
TOTAL EQUITY		<u>47,870</u>	<u>52,120</u>



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

	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 2016 (Audited)	8,000	82,525	(51,705)	13,300	52,120
Loss and total comprehensive income for the period	-	-	-	(4,250)	(4,250)
As at 30 September 2016 (Unaudited)	8,000	82,525	(51,705)	9,050	47,870
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 group 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



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

	Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(6,776)	(252)
Net cash used in investing activities	(2,180)	(9,528)
Net cash generated from financing activities	4,559	22,346
Net (decrease)/increase in cash and cash equivalents	(4,397)	12,566
Cash and cash equivalents at beginning of the period	19,961	6,425
Cash and cash equivalents at end of the period	15,564	18,991



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 Relevant Period has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the applicable disclosure provisions of the GEM Listing Rules.

Pursuant to a group reorganisation (the "Group 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 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 2016 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 Relevant 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	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Interest on bank borrowings	14	40	36	105
Interest on finance leases	167	164	342	261
Interest on loan from directors	76	–	76	–
	257	204	454	366



5. LOSS BEFORE INCOME TAX

	Three months ended 30 September		Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Loss before income tax is arrived at after charging (crediting):				
Employee benefit expense (including Directors' remuneration)	7,653	7,732	15,267	16,437
Listing expenses	–	1,854	–	4,867
Loss on disposal of property, plant & equipment	–	55	–	55
Depreciation	3,292	2,733	6,562	4,804
Operating lease rentals in respect of:				
– Land and building	466	403	866	801
– Plant and equipment	2,336	2,481	7,064	2,708
Reversal of impairment loss on retention receivables	(770)	–	(770)	–

6. INCOME TAX

	Three months ended 30 September		Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Current tax for the period:				
Hong Kong profits tax	–	881	–	–
Deferred tax	861	53	435	197
	861	934	435	197

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 2016 and 30 September 2015, 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 PER SHARE

The calculation of the basic loss per share attributable to the ordinary equity holders of the Group is based on the following data:

	For the six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Loss		
Loss attributable to owners of the Company	(4,250)	(8,341)
Number of shares	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	800,000	800,000

Diluted loss per share were the same as basic loss per share as there were no potential dilutive ordinary shares outstanding for the six months ended 30 September 2016 and 2015.



8. DIVIDEND

The Board does not recommend the payment of interim dividend for the Relevant Period.

During the six months ended 30 September 2015, a dividend of HK\$8,000,000 was distributed by Pak Wing Group Limited, a wholly owned subsidiary of the Company to its then shareholders prior to the completion of the Group Reorganisation.

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 2015 (Audited)	924	32,205	378	3,874	37,381
Additions	–	18,416	937	3,786	23,139
Disposal	–	–	–	(1,095)	(1,095)
As at 31 March 2016(Audited)	924	50,621	1,315	6,565	59,425
Additions	–	2,320	–	2,578	4,898
Disposal	–	(71)	–	(691)	(762)
As at 30 September 2016 (Unaudited)	924	52,870	1,315	8,452	63,561
Accumulated depreciation					
As at 1 April 2015 (Audited)	230	9,824	100	1,624	11,778
Provided for the year	276	8,896	215	1,665	11,052
Written back on disposal	–	–	–	(320)	(320)
As at 31 March 2016 (Audited)	506	18,720	315	2,969	22,510
Provided for the period	76	5,183	132	1,171	6,562
Written back on disposal	–	(33)	–	(587)	(620)
As at 30 September 2016 (Unaudited)	582	23,870	447	3,553	28,452
Net book value					
As at 30 September 2016 (Unaudited)	342	29,000	868	4,899	35,109
As at 31 March 2016 (Audited)	418	31,901	1,000	3,596	36,915

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

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Machineries	13,596	15,792
Motor vehicles	4,658	3,094
	18,254	18,886



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

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Contracts in progress at the end of the reporting periods:		
Contract costs incurred	33,855	53,209
Recognised profits less recognised losses	3,941	6,395
	37,796	59,604
Less: progress billings	(37,501)	(61,951)
	295	(2,347)
Amounts due from customers for contract work	295	3
Amounts due to customers for contract work	-	(2,350)
Construction contracts in progress, net position	295	(2,347)

As at 30 September 2016, retentions held by customers for contract work included in trade and other receivables (Note 11) amounted to approximately HK\$5,647,000 (31 March 2016: HK\$4,365,000).

As at 30 September 2016, contract work in progress amounted to approximately HK\$295,000 (31 March 2016: HK\$3,000), representing costs incurred that relate to future activity on contracts.

11. TRADE AND OTHER RECEIVABLES

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Trade receivables	30,078	19,889
Retention receivables	5,647	4,365
Other receivables	2,065	613
Prepayments and deposits	1,242	1,418
	39,032	26,285

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

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Less than 1 month	9,237	7,360
1 to 3 months	12,935	9,058
More than 3 months but less than one year	7,906	3,471
	30,078	19,889

The Group grants an average credit period of 30 to 60 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 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Trade payables	20,061	12,471
Other payables and accruals	2,126	3,260
	22,187	15,731

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

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Less than 1 month	7,015	6,861
1 to 3 months	6,127	4,855
More than 3 months but less than one year	6,538	750
More than one year	381	5
	20,061	12,471

The Group's trade payables are non-interest bearing and generally have payment terms of less than 60 days.

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 2016 (Unaudited)			
Not later than one year	5,911	(477)	5,434
Later than one year and not later than two years	4,728	(239)	4,489
Later than two years and not later than five years	3,126	(60)	3,066
	13,765	(776)	12,989
As at 31 March 2016 (Audited)			
Not later than one year	6,283	(553)	5,730
Later than one year and not later than two years	4,457	(300)	4,157
Later than two years and not later than five years	4,231	(118)	4,113
	14,971	(971)	14,000



The present value of future lease payments are analysed as:

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Current liabilities	5,434	5,730
Non-current liabilities	7,555	8,270
	12,989	14,000

14. BANK BORROWINGS, SECURED

	As at 30 September 2015 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Bank borrowings, secured	1,066	2,640

The bank borrowings bear interest at the Hong Kong Prime Rate minus 2% per annum for both periods.

15. AMOUNTS DUE TO DIRECTORS

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Name of directors		
Mr. Wong Chin To	5,000	-
Mr. Tse Chun Kit	5,000	-
	10,000	-

The amounts are unsecured, bear interest on a fixed rate of 3% per annum and repayable within five years.

16. SHARE CAPITAL

	Number	Amount HK\$'000
Authorised:		
<i>Ordinary shares of HK\$0.01 each</i>		
At date of incorporation, 31 March 2015 and 1 April 2015	38,000,000	380
Increase in authorised share capital on 6 July 2015 (Note (a))	962,000,000	9,620
At 31 March 2016 (Audited) and 30 September 2016 (Unaudited)	1,000,000,000	10,000
Issued and fully paid:		
<i>Ordinary shares of HK\$0.01 each</i>		
At the date of incorporation	1	-
Issue of a share on 13 January 2015	1	-
Issue of shares upon Group Reorganisation (Note (b))	37,999,998	380
Capitalisation issue of shares (Note (c))	642,000,000	6,420
Issue of shares under placing (Note (d))	120,000,000	1,200
At 31 March 2016 (Audited) and 30 September 2016 (Unaudited)	800,000,000	8,000



- (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 ordinary shares of HK\$0.01 each. On the same date, one ordinary share of HK\$0.01 was issued to Reid Service Limited at nil paid, and was transferred to Get Real Holdings Limited ("Get Real") for nil consideration. On 13 January 2015, Dor Holdings Limited ("Dor Holdings") subscribed one ordinary share of HK\$0.01 at nil paid. 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 ordinary shares.
- (b) On 6 July 2015, Get Real and Dor Holdings, each as a vendor, and the Company, as purchaser, entered in a share swap deed, pursuant to which the Company acquired a 50% of the entire equity interest of Pak Wing Group Limited and Unicorn World Holdings Limited from each of the vendors and as consideration for which (i) the 1 and 1 nil-paid share in the Company held by Get Real and Dor Holdings respectively were credited as fully paid, and (ii) 18,999,999 and 18,999,999 shares of the Company were issued and allotted to each of Get Real and Dor Holdings respectively, all credited as fully paid.
- (c) Pursuant to written resolutions passed on 6 July 2015, the Directors authorised to capitalise a sum of approximately HK\$6,420,000 from the amount 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 ordinary shares of the Company (the "Capitalisation Issue").
- (d) Under a placing which took place during the period, 120,000,000 new ordinary 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.

17. RELATED PARTY TRANSACTIONS

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

Name of related parties	Nature of transactions	Six months ended 30 September	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Mr. Wong Chin To	Loan interest expense	38	—
Mr. Tse Chun Kit	Loan interest expense	38	—
Oriental Boring & Eng. Ltd ^(a)	Subcontracting costs ^(b)	5	—

Notes:

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

^(b) 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 a foundation subcontractor in Hong Kong. Its projects involve lateral support works, mini piling, H-piling and other works.

During the Relevant Period, the Group recorded an increase in turnover of approximately HK\$20.4 million or 41.4%. However, its gross profit margin was approximately 2.2% as compared to 10.1% for the same period in 2015. The Group is characterized by and susceptible to its non-stable gross profit margin, which is primarily due to the Group operating on a project-by-project basis and pricing and profit margin of each foundation project varying from project to project depending on, inter alia, the complexity in terms of technicality involved, customers' acceptability of the Group's expected profitability and competitiveness of pricing offered by the Group's rivals.

Since last year, the Group has been suffering from the severe delay in the funding approval process of public works caused by the filibustering at the Public Works Sub-committee of the finance Committee of the Legislative Council and the increased pricing competition from other contractors. The Group expects that all these challenges will still continue in the coming months.



Nonetheless, the Directors consider that with the Group's experienced management team and reputation in the market, the Group is well-positioned to compete with its competitors against such future challenges that are commonly faced by all industry players. The Group will continue to pursue appropriate business strategies to ensure that it is able to survive in this difficult business environment.

FINANCIAL REVIEW

Turnover

The Group's revenue for the Relevant Period was approximately HK\$69.7 million, representing an increase of approximately HK\$20.4 million or 41.4% as compared to the revenue for the six months ended 30 September 2015. The increase was mainly due to contribution from 2 major projects which contributed approximately HK\$24.1 million.

Gross Profit and Gross Profit Margin

For the Relevant Period, the Group recorded a gross profit of approximately HK\$1.5 million (six months ended 30 September 2015: HK\$5.0 million) and the gross profit margin was approximately 2.2% (six months ended 30 September 2015: 10.1%). The declined gross profit margin was as a result of, an increase in sub-contracting charges and machinery rental expenses incurred in order to meet additional requirements of certain foundation projects; and the increasing competition from other contractors seeking to tender projects at low price.

Administrative Expenses

The administrative expenses decreased by approximately HK\$6.1 million or 46.4% from HK\$13.1 million for the six months ended 30 September 2015 to HK\$7.0 million for the Relevant Period. The decrease was mainly due to legal and professional expenses incurred from the preparation for the Listing.

Loss and Total Comprehensive Income Attributable to Owners of the Company

Net loss for the Relevant Period was approximately HK\$4,250,000 (six months ended 30 September 2015: HK\$8,341,000). The decrease was mainly due to decrease in administration expenses.

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 the Listing and up to the date of this report.

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Current assets	58,518	49,876
Current liabilities	28,687	26,451
Current ratio	2.04	1.89

The current ratio of the Group as at 30 September 2016 was approximately 2.04 times as compared to that of approximately 1.89 as at 31 March 2016.

As at 30 September 2016, the Group had total cash and cash equivalents of approximately HK\$15,564,000 (31 March 2016: HK\$19,961,000).



As at 30 September 2016 and 31 March 2016, the Group had bank borrowings and finance leases of total approximately HK\$14,055,000 and HK\$16,640,000 respectively. The scheduled repayment date of the Group's bank borrowings and finance leases were as follows:

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Within 1 year	6,500	8,370
Between 1 and 2 years	4,489	4,157
Between 2 and 5 years	3,066	4,113
	14,055	16,640

Gearing Ratio

The Group monitors capital using a gearing ratio, which is net debt divided by total equity. Net debt is calculated as the total of obligation under finance leases and all interest-bearing borrowings less cash and cash equivalents.

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Total debt	24,055	16,640
Less: Cash and cash equivalents	(15,564)	(19,961)
Net debt	8,491	(3,321)
Equity attributable to the owners of the Company	47,870	52,120
Gearing ratio	17.74%	N/A

N/A as the gearing ratio is negative.

Interim Dividend

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

Contingent Liabilities

As at 30 September 2016, the Group did not have any significant contingent liabilities.

Pledge of Assets

As at 30 September 2016, the Group had no assets pledged for bank borrowings or for other purpose.

Capital Commitments

As at 30 September 2016, the Group did not have any significant capital commitment.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the Relevant Period, the Group did not have any material acquisitions and disposal of subsidiaries and affiliated companies.



Significant Investments Held by the Group

During the Relevant Period, there was no significant investment held by the Group.

Future Plan for Material Investments and Capital Assets

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 2016, the Group employed a total of 61 staff. The total employee remuneration, including remuneration of the Directors, for the Relevant Period amounted to approximately HK\$15.3 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 adopted by the Company (the "Share Option Scheme").

Use of Proceeds from Placing

On 19 September 2016, the Group has resolved to change the proposed use of the net proceeds from the Listing to determine the most efficient and effective method to deploy the Group's resources. The details of the revised allocation of the net proceeds based on the announcement dated 19 September 2016 and utilisation of the net proceeds as at 30 September 2016 are set out as follows:

	Revised allocation of net proceeds as stated in the announcement dated 19 September 2016 HK\$'000	Utilisation of net proceeds up to 30 September 2016 HK\$'000
Acquiring machinery	14,400	9,926
Strengthening our manpower	4,400	2,906
General working capital	5,500	1,500
	24,300	14,332

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

As at 30 September 2016, 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")) (Chapter 571 of



the Laws of Hong Kong) 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 positions 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 in this report, as at 30 September 2016, 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 2016, 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:

Long positions in the ordinary shares of the Company

Name of shareholders	Capacity/Nature of interests capital	Number of shares held	Percentage of issued shares (Note 5)
Get Real Holdings Limited (Note 1)	Beneficial owner	300,000,000	37.5%
Ms. Wong Ching Nam (Note 2)	Interest of spouse	300,000,000	37.5%
Dor Holdings Limited (Note 1)	Beneficial owner	300,000,000	37.5%
Ms. Cheung Ho Yee (Note 2)	Interest of spouse	300,000,000	37.5%
Imperium Credit Limited (Note 3)	Security interest	600,000,000	75.0%
Prestige Sure Limited (Note 3)	Interest of a controlled corporation	600,000,000	75.0%
Imperium Financial Group Limited (Note 3)	Interest of a controlled corporation	600,000,000	75.0%
Imperium Group (Holdings) Limited (Note 3)	Interest of a controlled corporation	600,000,000	75.0%
Mr. Cheng Ting Kong (Note 3)	Interest of a controlled corporation	600,000,000	75.0%
Ms. Yeung So Mui (Note 4)	Interest of spouse	600,000,000	75.0%



Notes:

1. Dor Holdings and Get Real had executed a charge over their respective securities account each deposited with 300,000,000 shares in the share capital of the Company in favour of Imperium Credit Limited ("Imperium Credit") as security for a term loan facility granted to each of them. Imperium Credit thus has security interest over these shares.
2. 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.
3. Imperium Credit is wholly-owned by Prestige Sure Limited ("Prestige Sure"), which in turn is wholly-owned by Imperium Financial Group Limited ("Imperium Financial"), which in turn is wholly-owned by Imperium Group (Holdings) Limited ("Imperium Group"), which in turn is wholly-owned by Mr. Cheng Ting Kong ("Mr. Cheng"). Thus Imperium Financial, Prestige Sure, Imperium Group and Mr. Cheng are deemed to be interested in the shares of the Company in which Imperium Credit has security interest.
4. Ms. Yeung So Mui is the spouse of Mr. Cheng. Under the SFO, Ms. Yeung is deemed to be interested in the same number of shares in which Mr. Cheng is interested.
5. 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 2016, 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 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 the business of the Group which competes and is likely to compete, directly or indirectly, with the business of the Group.

COMPLIANCE ADVISER'S INTERESTS

As at 30 September 2016, 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 5.48 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 Relevant Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the Relevant Period, 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

During the Relevant 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 “CG Code”).

CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in the information of the Directors since the date of the Annual Report 2016 are set out below:

Mr. Lui Man Wah and Mr. Ee Kok Wai Thomas appointed as executive Directors with effect from 1 September 2016 following the resignation of Ms. Chan Siu Ying on the same date.

Mr. Yan Chun Fu appointed as an independent non-executive Director with effect from 26 September 2016 following the resignation of Ms. Si Tou Man Wai on the same 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 Mr. Yan Chun Fu (appointed on 26 September 2016 following the resignation of Ms. Si Tou Man Wai on the same date). 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 Relevant Period 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, 10 November 2016

As at the date of this report, the executive Directors are Mr. Wong Chin To, Mr. Tse Chun Kit, Mr. Lui Man Wah and Mr. Ee Kok Wai Thomas; and the independent non-executive Directors are Mr. Wong Chi Shing, Mr. Kuo Tung Ming and Mr. Yan Chun Fu.