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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017

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

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

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

This announcement, 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 announcement 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 announcement misleading.

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2017, the operating results of the Company and its subsidiaries (collectively referred to as the “Group”) were as follows:

- Revenue amounted to approximately HK\$735,330,000 (2016: approximately HK\$315,004,000), representing an increase of approximately HK\$420,326,000 or 133.4% from last year;
- Gross profit for the year ended 31 March 2017 amounted to approximately HK\$57,988,000 (2016: HK\$25,736,000), representing an increase of approximately HK\$32,252,000 or 125.3% from last year;
- Profit for the year ended 31 March 2017 amounted to approximately HK\$30,549,000 (2016: HK\$8,391,000), representing an increase of approximately HK\$22,158,000 or 264.1% from last year;
- Basic and diluted earnings per share for the year ended 31 March 2017 amounted to approximately HK cent 2.46 (2016: HK cent 0.81); and
- The Directors do not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: HK\$Nil).

ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) is pleased to announce the audited consolidated results of the Group for the year ended 31 March 2017 (the “Reporting Period”) together with the comparative audited figures for the year ended 31 March 2016. The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	<i>Note</i>	2017 HK\$'000	2016 <i>HK\$'000</i>
Revenue	3	735,330	315,004
Cost of sales		<u>(677,342)</u>	<u>(289,268)</u>
Gross profit		57,988	25,736
Other income		4,079	2,366
Administrative and other operating expenses		<u>(23,642)</u>	<u>(15,474)</u>
Profit from operations		38,425	12,628
Finance costs		<u>(449)</u>	<u>(567)</u>
Profit before income tax	5	37,976	12,061
Income tax expense	6	<u>(7,427)</u>	<u>(3,670)</u>
Profit for the year		<u>30,549</u>	<u>8,391</u>
Other comprehensive expense			
Item that will be reclassified subsequently to the profit or loss:			
Change in fair value of available-for-sale financial asset		<u>(435)</u>	<u>—</u>
Total comprehensive income for the year attributable to equity holders of the Company		<u>30,114</u>	<u>8,391</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share attributable to equity holders of the Company			
Basic and diluted	8	<u>2.46</u>	<u>0.81</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	<i>Note</i>	2017 HK\$'000	2016 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment property		–	–
Property, plant and equipment	9	37,557	13,700
Available-for-sale financial asset		3,020	–
		<u>40,577</u>	<u>13,700</u>
Current assets			
Amounts due from customers for contract work	10	26,554	20,200
Trade and other receivables	11	120,841	63,638
Cash and bank balances		22,956	13,826
		<u>170,351</u>	<u>97,664</u>
Current liabilities			
Trade and other payables	12	75,881	46,988
Amounts due to customers for contract work	10	16,369	19,747
Amounts due to directors		–	76
Obligations under finance leases		857	1,614
Bank loans and overdraft		4,667	9,615
Tax payable		1,675	2,577
		<u>99,449</u>	<u>80,617</u>
Net current assets		<u>70,902</u>	<u>17,047</u>
Total assets less current liabilities		<u>111,479</u>	<u>30,747</u>
Non-current liabilities			
Obligations under finance leases		937	2,215
Deferred tax liabilities		4,181	1,437
		<u>5,118</u>	<u>3,652</u>
Net assets		<u>106,361</u>	<u>27,095</u>
CAPITAL AND RESERVES			
Share capital	13	12,480	–
Reserves	14	93,881	27,095
Total equity attributable to equity holders of the Company		<u>106,361</u>	<u>27,095</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Total equity attributable to equity holders of the Company						
	Share capital HK\$'000 (Note 13)	Share premium* HK\$'000 (Note 14)	Available- for-sale financial asset revaluation reserve* HK\$'000 (Note 14)	Other reserve* HK\$'000 (Note 14)	Capital reserve* HK\$'000 (Note 14)	Retained earnings* HK\$'000	Total equity HK\$'000
Balance as at 1 April 2015	-	-	-	-	3,820	4,484	8,304
Issuance of share capital upon incorporation	-	-	-	-	-	-	-
Increase in issuance of ordinary shares	-	-	-	-	-	-	-
Loan capitalisation	-	-	-	10,400	-	-	10,400
Transactions with equity holders	-	-	-	10,400	-	-	10,400
Profit and total comprehensive income for the year	-	-	-	-	-	8,391	8,391
Balance as at 31 March 2016 and 1 April 2016	-	-	-	10,400	3,820	12,875	27,095
Issuance of ordinary shares pursuant to the Placing	2,080	47,072	-	-	-	-	49,152
Issuance of ordinary shares pursuant to the Capitalisation Issue	10,400	(10,400)	-	-	-	-	-
Transactions with equity holders	12,480	36,672	-	-	-	-	49,152
Profit for the year	-	-	-	-	-	30,549	30,549
Other comprehensive expense: Change in fair value of available-for-sale financial asset	-	-	(435)	-	-	-	(435)
Total comprehensive income	-	-	(435)	-	-	30,549	30,114
Balance as at 31 March 2017	12,480	36,672	(435)	10,400	3,820	43,424	106,361

* The reserve accounts comprise the Group's reserves of HK\$93,881,000 (2016: HK\$27,095,000) in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

1.1 General information

Luen Wong Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 16 October 2015. The addresses 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 its subsidiaries (collectively referred to as 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 (“BVI”). As at 31 March 2017, 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 Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 12 April 2016.

The consolidated financial statements for the year ended 31 March 2017 were approved for issue by the board of directors on 26 June 2017.

1.2 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 Company and its subsidiaries 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 consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 March 2016 which include the results, changes in equity and cash flows of the companies comprising 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 year ended 31 March 2016, or since their respective dates of incorporation/establishment, where it is a shorter period.

2. ADOPTION OF NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amended HKFRSs that are effective for annual period beginning on 1 April 2016

In the current year, the Group has applied the following new and amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants, which are relevant to and effective for these consolidated financial statements for the annual period beginning on 1 April 2016:

Amendments to Hong Kong Accounting Standards 1 HKFRSs (Amendments)	Disclosure Initiative Annual Improvements to HKFRSs 2012-2014 Cycle
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The adoption of these new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, the following new and amended HKFRSs that are relevant to the Group have been issued but are not yet effective for the financial year beginning on 1 April 2016, and have not been early adopted by the Group:

HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Lease ³
Amendments to HKFRS 7	Disclosure Initiative ¹

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

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

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

3. REVENUE

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

4. SEGMENT INFORMATION

The Group’s operating activities are attributable to a single reportable and operating segment focusing primarily on the provision of civil engineering works. This operating segment has been identified on the basis of internal management reports reviewed by the chief operating decision maker (“CODM”), being the executive directors of the Company. The CODM mainly reviews revenue derived from the provision of civil engineering works. The CODM reviews the overall results of the Group as a whole to make decisions about resources allocation. Accordingly, other than the entity-wide disclosure, no segment analysis is presented.

(a) Geographical information

The Group's operations are located in Hong Kong and all the revenue of the Group were derived from Hong Kong customers. The Group's non-current assets are located in Hong Kong.

(b) Major customers

Revenue from customers which individually contributed over 10% of the Group's revenue is as follows:

	2017	2016
	HK\$'000	HK\$'000
Customer 1	621,630	141,723
Customer 2	76,112	90,040
Customer 3	N/A (note)	35,035

Note:

The corresponding revenue did not individually contribute over 10% of the Group's revenue during the year.

5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	2017	2016
	HK\$'000	HK\$'000
Auditor's remuneration		
– Audit services	657	561
– Non-audit services	150	–
Depreciation		
– own assets	4,555	1,549
– leased assets	428	1,318
Depreciation of investment property	–	232
Loss/(Gain) on disposal of property, plant and equipment, net	163	(191)
Gain on disposal of investment property	–	(1,792)
Site equipment rental costs (included in cost of sales)	60,092	39,301
Operating lease charges in respect of premises and office equipment	760	252
Rental income less direct outgoings	–	(78)

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the year.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current tax		
Hong Kong profits tax		
– Current year	4,723	2,577
– Over-provision in respect of prior year	(40)	–
	<u>4,683</u>	<u>2,577</u>
Deferred tax		
– Current year	<u>2,744</u>	<u>1,093</u>
Income tax expense	<u><u>7,427</u></u>	<u><u>3,670</u></u>

Reconciliation between income tax expense and accounting profit at applicable tax rate:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit before income tax	<u><u>37,976</u></u>	<u><u>12,061</u></u>
Tax on profit before income tax at 16.5% (2016: 16.5%)	6,266	1,990
Tax effects on:		
– Non-deductible expenses	677	1,827
– Non-taxable income	–	(132)
– Utilisation of previously unrecognised tax losses	–	(15)
– Tax losses not recognised	524	–
– Over-provision in respect of prior year	(40)	–
Income tax expense	<u><u>7,427</u></u>	<u><u>3,670</u></u>

7. DIVIDENDS

No dividend was declared or paid by the Group during the year to its equity holders (2016: HK\$Nil).

8. EARNINGS PER SHARE

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to equity holders of the Company	<u>30,549</u>	<u>8,391</u>
Number of shares	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares	<u>1,242,301</u>	<u>1,040,000</u>

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 31 March 2017 includes (i) 10,000 ordinary shares in issue throughout the year; and (ii) the 1,039,990,000 new ordinary shares issued pursuant to the Capitalisation Issue (note 13 (iv)), as if all these shares had been in issue throughout the year ended 31 March 2017; and (iii) 202,301,000 shares, representing the weighted average of 208,000,000 new ordinary shares issued pursuant to the Placing (note 13(iii)).

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 31 March 2016 representing the number of ordinary shares of the Company immediately after the Capitalisation Issue (note 13(iv)) as if all these shares had been in issue throughout the year ended 31 March 2016.

There were no dilutive potential ordinary shares during both years and therefore, diluted earnings per share equals to basic earnings per share.

9. PROPERTY, PLANT AND EQUIPMENT

	Land and building HK\$'000	Furniture and equipment HK\$'000	Site equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
As at 1 April 2015					
Cost	1,608	678	13,078	12,088	27,452
Accumulated depreciation	(644)	(428)	(5,950)	(8,597)	(15,619)
Net book amount	964	250	7,128	3,491	11,833
Year ended 31 March 2016					
Opening net book amount	964	250	7,128	3,491	11,833
Additions	–	1,025	1,105	2,922	5,052
Disposals	–	–	(307)	(11)	(318)
Charge for the year	(81)	(102)	(1,128)	(1,556)	(2,867)
Closing net book amount	883	1,173	6,798	4,846	13,700
As at 31 March 2016 and 1 April 2016					
Cost	1,608	1,693	13,064	14,681	31,046
Accumulated depreciation	(725)	(520)	(6,266)	(9,835)	(17,346)
Net book amount	883	1,173	6,798	4,846	13,700
Year ended 31 March 2017					
Opening net book amount	883	1,173	6,798	4,846	13,700
Additions	–	123	25,430	3,468	29,021
Disposals	–	–	(65)	(116)	(181)
Charge for the year	(81)	(167)	(2,756)	(1,979)	(4,983)
Closing net book amount	802	1,129	29,407	6,219	37,557
As at 31 March 2017					
Cost	1,608	1,816	38,359	17,998	59,781
Accumulated depreciation	(806)	(687)	(8,952)	(11,779)	(22,224)
Net book value	802	1,129	29,407	6,219	37,557

As at 31 March 2017 and 2016, the Group's land and building was located in Hong Kong, held under long term lease and was pledged to the bank as security of bank term loans and overdraft granted to the Group.

As at 31 March 2017, the Group's motor vehicles with net book amount of HK\$2,174,000 (2016: HK\$4,328,000) were held under finance leases.

10. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	2017 HK\$'000	2016 HK\$'000
Contract costs incurred plus recognised profits		
less recognised losses	1,021,851	562,807
Less: progress billings	<u>(1,011,666)</u>	<u>(562,354)</u>
	<u>10,185</u>	<u>453</u>
Recognised and included in the consolidated statement of financial position as:		
– Amounts due from customers for contract work	26,554	20,200
– Amounts due to customers for contract work	<u>(16,369)</u>	<u>(19,747)</u>
	<u>10,185</u>	<u>453</u>

All amounts due from/to customers for contract work are expected to be recovered/settled within one year.

11. TRADE AND OTHER RECEIVABLES

	2017 HK\$'000	2016 HK\$'000
Trade receivables	80,203	35,861
Retention monies receivables	34,103	26,523
Other receivables, deposits and prepayments	6,535	1,254
	<u>120,841</u>	<u>63,638</u>

The ageing analysis of trade receivables based on invoice date is as follows:

	2017 HK\$'000	2016 HK\$'000
0 – 30 days	52,857	27,748
31 – 60 days	27,346	6,689
Over 90 days	–	1,424
	<u>80,203</u>	<u>35,861</u>

The Group usually grants customers a credit period of 45 days (2016: 45 days).

At the end of the reporting date, the Group reviewed trade receivables for evidence of impairment on both an individual and collective basis. Based on this assessment, no impairment has been recognised during the year and as at 31 March 2017 (2016: HK\$Nil).

The Group did not hold any collateral as security or other credit enhancements over the trade receivables.

The ageing analysis of trade receivables that were past due but not impaired is as follows:

	2017 HK\$'000	2016 HK\$'000
Neither past due nor impaired	80,203	31,907
Less than 30 days past due	–	2,530
31 – 60 days past due	–	745
61 – 90 days past due	–	500
Over 90 days past due	–	179
	<u>80,203</u>	<u>35,861</u>

Trade receivables which were neither past due nor impaired related to a range of customers for whom there was no recent history of default.

Trade receivables which were past due but not impaired related to a number of independent customers that had a good track record of credit with the Group. Based on past credit history, management believe that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

As at 31 March 2017, the retentions held by customers for contract works included in retention monies receivables under current assets of the Group was HK\$34,103,000 (2016: HK\$26,523,000), of which HK\$14,496,000 (2016: HK\$12,202,000) are expected to be recovered after more than one year.

As at 31 March 2017, trade receivables of HK\$49,511,000 (2016: HK\$Nil) and retention money receivables of HK\$8,766,000 (2016: HK\$Nil) together with related rights, title and interests under relevant construction contracts; and the available-for-sale financial asset of HK\$3,020,000 (2016: HK\$Nil) was pledged to a bank as security of banking facilities granted to the Group, such banking facilities also secured by the corporate guarantee given by the Company. None of such banking facilities has been utilised as at 31 March 2017 (2016: HK\$Nil).

12. TRADE AND OTHER PAYABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables	52,640	32,305
Retention monies payables	14,082	6,103
Accruals and other payables	9,159	8,580
	<u>75,881</u>	<u>46,988</u>

The ageing analysis of trade payables based on invoice date is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0 – 30 days	39,563	19,597
31 – 60 days	12,032	12,288
61 – 90 days	1,006	420
Over 90 days	39	–
	<u>52,640</u>	<u>32,305</u>

The Group is granted by its suppliers a credit period ranging from 0 to 30 days (2016: 0 to 30 days).

As at 31 March 2017, the retentions held by the Group for contract works included in retention monies payables under current liabilities of the Group was HK\$14,082,000 (2016: HK\$6,103,000), of which HK\$5,651,000 (2016: HK\$2,384,000) are expected to be payable after more than one year.

13. SHARE CAPITAL

	2017		2016	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each upon incorporation (<i>note i</i>)/as at 1 April 2016	2,000,000,000	20,000	38,000,000	380
Increase in authorised share capital (<i>note ii</i>)	—	—	1,962,000,000	19,620
As at 31 March	2,000,000,000	20,000	2,000,000,000	20,000
Issued and fully paid:				
Ordinary share of HK\$0.01 upon incorporation (<i>note i</i>)/as at 1 April 2016	10,000	—	1	—
Issuance of ordinary shares (<i>note i</i>)	—	—	9,999	—
Issuance of ordinary shares pursuant to the Placing (<i>note iii</i>)	208,000,000	2,080	—	—
Issuance of ordinary shares pursuant to the Capitalisation Issue (<i>note iv</i>)	1,039,990,000	10,400	—	—
As at 31 March	1,248,000,000	12,480	10,000	—

Note:

- (i) The Company was incorporated on 16 October 2015 with authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. On the date of incorporation, one nil-paid share was allotted and issued. On 22 February 2016, 9,999 shares were allotted and issued at par.
- (ii) Pursuant to the written resolution of the shareholder passed on 24 March 2016, the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 by creation of an additional of 1,962,000,000 shares of HK\$0.01 each.
- (iii) 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”).

The proceeds of HK\$2,080,000 represents the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of HK\$52,000,000 net of listing costs directly attributable to the issue of shares of HK\$4,928,000, amounted to HK\$47,072,000 were credited to the Company's share premium account. The shares allotted and issued rank pari passu with the then existing issued shares in all respects.

- (iv) Pursuant to the written resolutions of the shareholder passed on 24 March 2016, 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\$10,400,000 standing to the credit of the share premium account of the Company (the "Capitalisation Issue"). The Capitalisation Issue was completed on 12 April 2016. The shares allotted and issued rank pari passu in all respects with the then existing issued shares.

14. RESERVES

The amounts of the Group's reserves and the movements during the year are presented in the consolidated statement of changes in equity of the consolidated financial statements.

Share premium

The share premium represents the difference between the par value of the shares of the Company and net proceeds received from the issuance of the shares of the Company.

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to the shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

Available-for-sale financial asset revaluation reserve

The available-for-sale financial asset revaluation reserve represents the reserve arising from the investment in a life insurance policy.

Other reserve

Other reserve represents the reserve arising from the loan capitalisation of Luen Hing Construction & Eng. Limited ("Luen Hing") and Hop Fung Construction & Engineering Company Limited ("Hop Fung") on 21 March 2016.

On 21 March 2016, by way of loan capitalisation, Luen Hing applied HK\$5,480,000 due to the directors toward the satisfaction of the issue and allotment of 5,480,000 new shares of Luen Hing at a subscription price of HK\$1 per share to Super Pioneer Trading Limited ("Super Pioneer").

On 21 March 2016, by way of loan capitalisation, Hop Fung applied HK\$4,920,000 due to a director toward the satisfaction of the issue and allotment of 4,920,000 new shares of Hop Fung at a subscription price of HK\$1 per share to Super Pioneer.

Capital reserve

Capital reserve represents the difference between the nominal values of the share capital of subsidiaries acquired by the Group and the nominal value of the Company's shares issued for the acquisition under the Reorganisation.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group has over 17 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).

As at 31 March 2017, the Group had 24 contracts on hand with a total contract sum of approximately HK\$1,717,469,000. During the Reporting Period, the Group has completed 5 contracts with total contract sum of approximately HK\$106,182,000; whilst the Group has been awarded 13 new contracts with a total contract sum of approximately HK\$469,168,000.

Outlook

The coming years are expected to be full of opportunities and challenges. In the 2017-18 Budget Speech, the Government announced to spend an estimated HK\$89.1 billion on public infrastructure. The planned increase in the Government's public expenditure on infrastructure will result in more business opportunities being presented to the market. It was also announced that projects included the Hong Kong Boundary Crossing Facilities and Hong Kong Link Road are at its construction peaks and capital works expenditure is expected to remain at a relatively high level in the next few years. However, challenges like delaying in budget approval due to filibustering and shortage of manpower will continue to affect the civil engineering industry. As a subcontractor, factors including but not limited to difficult geological conditions, adverse weather conditions, variations to the construction plans instructed by customers and other unforeseen problems or circumstances that occur during project implementation continue being threats that likely affect the Group's profit.

The Group is confident with the prospects for the next few years as the Group has recently secured a long term project with a contract sum of approximately HK\$240,228,000 which is estimated to be completed in mid-2019. Securing long term project could ensure the sustainability of the Group and increase employees' loyalty towards the Group.

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\$420,326,000 or 133.4% from approximately HK\$315,004,000 for the year ended 31 March 2016 to approximately HK\$735,330,000 for the Reporting Period. Such increase was mainly due

to the growth of demand for civil engineering services and certain contracts with larger scale undertaken by the Group during the Reporting Period. As at 31 March 2016, the Group had 16 contracts on hand with a total contract sum of approximately HK\$1,354,483,000 whilst as at 31 March 2017, the Group had 24 contracts on hand with a total contract sum of approximately HK\$1,717,469,000.

Gross Profit and Gross Profit Margin

The Group's gross profit increased significantly by approximately HK\$32,252,000 from approximately HK\$25,736,000 for the year ended 31 March 2016 to approximately HK\$57,988,000 for the Reporting Period. The Group's gross profit margin decreased slightly from approximately 8.2% for the year ended 31 March 2016 to approximately 7.9% for the Reporting Period, representing a decrease of approximately 0.3 percentage points.

The Group's gross profit margin varied substantially from project to project and is mainly attributable to its pricing strategy, which is determined based on a cost-plus pricing model in general with mark-up determined on a project-by-project basis and such mark-up is determined based on the following factors:

Contract value of the project

The Group would normally set a tender price based on a relatively lower mark-up for projects with a larger contract value due to the larger absolute amounts of revenue and gross profit (being the contract sum less the expected costs of sales) expected to be derived from a project with a larger contract value.

Nature and complexity of civil engineering works

When preparing tender price, the Group consider, among other factors, (i) the amount of project management; (ii) the level of difficulty; (iii) the amount of uncertainties; (iv) the types and amount of works to be performed using different techniques; (v) the types and amount of resources such as labour skills, construction materials and supplies and site equipment; and (vi) the quality, safety and environmental standards. The Group would also take into account the likelihood of any material deviation of actual costs from its estimated costs having regard to the estimated subcontracting charges, staff costs, construction materials and supplies costs, rental of site equipment costs and other costs of sales.

Competition

The level of competition for each construction project is subject to factors beyond the Group's control, including, among others, the number of contractors invited to bid for the construction project, competitors' capacity and the nature and complexity of the works involved. If the level of competition of a particular construction project is low or if competitors' tender prices are relatively high, which is due to their own commercial decisions, the Group may be able awarded the construction project even if its tender price is not particularly competitive.

Cost control

While the Group may obtain preliminary quotations from its subcontractors when preparing tender prices, the final agreed prices with its subcontractors are subject to further negotiations after the Group is successfully awarded with a tender and after the Group obtains more specific information regarding the works and the site conditions. Such further negotiations with subcontractors may result in higher or lower gross profit margins.

The Group enters into contra charge arrangements with some of its customers for, among others, the purchase of construction materials and supplies and site equipment rental and hence any increase in these costs are borne by its customers. The prices of construction materials and supplies and site equipment rental and other costs of sales that are not covered by contra charge arrangements are determined by reference to quotations of suppliers as agreed between the Group and its suppliers on an order-by-order basis. While the Group prices in the estimated future price trend of these costs of sales when preparing tender proposals, material deviation of the actual costs from its estimated costs may arise, which would result in higher or lower gross profit margins.

Due to, among others, the factors stated above, the Group's gross profit margin varied substantially from project to project.

Other Income

Other income of the Group increased by approximately HK\$1,713,000 or 72.4% from approximately HK\$2,366,000 for the year ended 31 March 2016 to approximately HK\$4,079,000 for the Reporting Period. The increase was mainly arose from contra-charge fee received in connection with labour supplied to the Group's subcontractor amounted to approximately HK\$3,339,000.

Administrative Expenses

Administrative expenses of the Group increased by approximately HK\$8,168,000 or 52.8% from approximately HK\$15,474,000 for the year ended 31 March 2016 to approximately HK\$23,642,000 for the Reporting Period. Administrative expenses consists primarily of staff costs, depreciation, rental expenses, listing expenses and other administrative expenses. The increase was attributable to a general increase of approximately HK\$2,448,000 in professional fees such as legal consultation fees, safety consultation fees and advisory fees, an increase of approximately HK\$9,715,000 in staff costs due to the addition of administrative staff and a discretionary bonus for Directors staff and an increase of approximately HK\$975,000 in insurance costs of the Group.

Finance Costs

Finance costs for the Group decreased by approximately HK\$118,000 or 20.8% from approximately HK\$567,000 for the year ended 31 March 2016 to approximately HK\$449,000 for the Reporting Period. The decrease was mainly attributable to the early repayment of three finance leases and two bank loans by utilising the proceeds from the Placing.

Income Tax Expense

Income tax expense for the Group had increased by approximately HK\$3,757,000 or 102.4% from approximately HK\$3,670,000 for the year ended 31 March 2016 to approximately HK\$7,427,000 for the Reporting Period. Such increase was mainly due to the increase in profit before income tax and the recognition of deferred tax liability arising from excess of net book values of property, plant and equipment over tax values.

Profit for the Year

Profit for the year increased by approximately HK\$22,158,000 or 264.1% from approximately HK\$8,391,000 for the year ended 31 March 2016 to approximately HK\$30,549,000 for the Reporting Period. Such increase was primarily attributable to the net effect of the increase in revenue, gross profit, administrative expenses and income tax expense for the Reporting Period as discussed above.

Liquidity and Financial Resources

Cash and bank balances are denominated in Hong Kong Dollars. The current ratio of the Group as at 31 March 2017 was approximately 1.7 times as compared to that of approximately 1.2 times as at 31 March 2016. The increase was mainly due to the repayment of bank loans and finance lease liabilities with the cash generated from operations and the increase in cash and bank balances due to the proceeds received from the Placing.

The total interest bearing debts of the Group, including bank borrowings, bank overdraft and finance lease liabilities, decreased from approximately HK\$13,444,000 as at 31 March 2016 to approximately HK\$6,461,000 as at 31 March 2017. All borrowings are denominated in Hong Kong Dollars and are repayable within 5 years. The Group did not carry out any hedging for its floating borrowings. However, the management monitors the Group's interest rate exposure and will consider hedging significant interest exposure should the need arise.

As at 31 March 2017, the Group had general banking facilities amounted to HK\$55,585,000 (31 March 2016: HK\$13,000,000), bank term loans with outstanding balance of approximately HK\$4,667,000 (31 March 2016: approximately HK\$5,069,000) and utilised a bank overdraft of approximately HK\$Nil (31 March 2016: approximately HK\$4,546,000).

As at 31 March 2017, the finance lease liabilities amounted to approximately HK\$1,794,000 (31 March 2016: approximately HK\$3,829,000).

The gearing ratio, calculated based on all interest-bearing borrowings and obligations under finance leases divided by total equity at the end of the period and multiplied by 100%, stood at approximately 6.1% as at 31 March 2017 (31 March 2016: approximately 49.6%). The Group regularly monitors current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet with its liquidity requirements in the short and long term. Management believes there is no significant liquidity risk as the Group has sufficient committed facilities to fund its operations.

Capital Structure

The Shares were successfully listed on GEM of the Stock Exchange on 12 April 2016. There has been no change in the capital structure of the Group since then. As at 31 March 2017, the Company's issued and fully paid capital and total equity attributable to equity holders of the Company amounted to approximately HK\$12,480,000 and HK\$106,361,000 respectively.

Commitments

As at 31 March 2017, there was no capital commitment for the Group (31 March 2016: HK\$Nil).

Contingent Liabilities

As at 31 March 2017, the Group did not have any material contingent liabilities (31 March 2016: HK\$Nil).

Significant Investments, Acquisitions and Disposals and Future Plans for Material Investments and Capital Assets

Save as disclosed in the section headed "COMPARISON OF BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS" and "USE OF PROCEEDS OBTAINED FROM THE PLACING AND CHANGE IN USE OF PROCEEDS" in this announcement, the Group did not have any significant investments, acquisitions or disposals of subsidiaries and affiliated companies during the Reporting Period and the Group did not have other plans for material investments or capital assets.

Exposure to Exchange Rate Fluctuation

The Group's business operations were conducted in Hong Kong and the transactions, monetary assets and liabilities of the Group were denominated in Hong Kong Dollars and United States Dollars. Since United States Dollars is linked to Hong Kong Dollars at the rate of United States Dollars 1 to Hong Kong Dollars 7.80, the Directors therefore consider the impact of foreign exchange exposure to the Group is minimal.

Charge over Group's Assets

As at 31 March 2017, the Group had general banking facilities amounted to HK\$55,585,000.

As at 31 March 2017, the bank overdraft facility of HK\$6,000,000 and the term loan facility of HK\$5,585,000 were secured by pledge of the land and building of the Group with carrying amount of approximately HK\$802,000 (31 March 2016: approximately HK\$883,000) and a corporate guarantee of a maximum amount of HK\$12,000,000 given by the Company. The invoice discounting/factoring facility of HK\$34,000,000 was secured by corporate guarantee given by the Company and a charge over receivables and proceeds on one of the customers with carrying amount of approximately HK\$49,511,000 (31 March 2016: HK\$Nil) and retention money receivables of approximately HK\$8,766,000 (31 March 2016: HK\$Nil) together with related rights, title and interests under relevant construction contracts whilst the banking facility with a combined limit of HK\$10,000,000 (which consist of bank overdraft facility of HK\$3,000,000 and/or a clean import loan of HK\$10,000,000 and/or advance to manufacturer against sales contract of HK\$10,000,000) was secured by investment in a life insurance policy with sum insured of US\$968,000 (equivalent to approximately HK\$7,522,000) with carrying amount of approximately HK\$3,020,000 (31 March 2016: HK\$Nil), a deposit of HK\$1,300,000 (31 March 2016: HK\$Nil) and a corporate guarantee given by the Company.

Employees and Remuneration Policies

As at 31 March 2017, the Group had approximately 228 employees (31 March 2016: 230 employees). The total staff costs incurred, including Directors' emoluments, of the Group were approximately HK\$100,082,000 for the Reporting Period (31 March 2016: approximately HK\$67,942,000). Remuneration is determined based on each employee's qualifications, position and seniority. In addition to a basic salary, year-end discretionary bonuses were offered with reference to the Group's performance as well as individual's performance to attract and retain appropriate and suitable personnel to serve the Group. Furthermore, the Group offers other staff benefits like provision of retirement benefits, various types of trainings and sponsorship of training courses. The Group has also adopted an annual review system to assess the performance of its staff, which forms the basis of its decisions with respect to salary raises and promotions.

Final Dividend

The Board does not recommend the payment of a final dividend for the Reporting Period (2016: HK\$Nil).

Comparison of Business Objectives and Actual Business Progress

An analysis comparing the business objectives set out in the prospectus of the Company dated 31 March 2016 (the “Prospectus”) with the Group’s actual business progress for the period from 12 April 2016 (the “Listing Date”) to 31 March 2017 is set out below:

Business objectives up to 31 March 2017	Actual Business Progress up to 31 March 2017
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Acquisition of additional site equipment

- | | |
|---|--|
| <ul style="list-style-type: none">– Purchase three hydraulic truck cranes, three motor vehicles and three generators for the Group’s projects | <p>The Group purchased four hydraulic truck cranes, three motor vehicles and three generators for use in its projects</p> <p><i>(Note)</i></p> |
| <ul style="list-style-type: none">– Evaluate the effectiveness and efficiency of site equipment and obtain quotation for new site equipment | <p>The Group will continue monitoring the effectiveness and efficiency of the site equipment on hand</p> |

Further strengthening the Group’s manpower

- | | |
|---|---|
| <ul style="list-style-type: none">– Recruit three crane operators, two engineers, one project manager, one foreman and one administrative staff | <p>The Group recruited three crane operators, two engineers, one project manager, one foreman and one administrative staff to cope with the business development</p> |
| <ul style="list-style-type: none">– Continue to assess the sufficiency of the Group’s labour resources and provide training to existing and newly recruited staff and/or sponsor its staff to attend training courses | <p>The Group will continue to assess the sufficiency of its labour resources and has sponsored existing and newly recruited staff to attend various training courses organised by third parties</p> |

Note: The Group refers to the announcement of the Company dated 21 June 2016 regarding a change in use of proceeds. The Board resolved to change the use of net proceeds from the Placing by acquiring four (one large and three small) hydraulic truck cranes instead of three (large) hydraulic truck cranes. The Board noted from the 2016-17 Budget released by the Government on 1 April 2016 that most of the projects of the Highways Department that are in the planning stage or under investigation and preliminary design stage are expected to be carried out in urban areas. Large hydraulic truck cranes are not as suitable for use in smaller construction sites with limited space, such as in urban areas, while smaller hydraulic truck crane are suitable for use in most construction sites and hence, provides greater flexibility. Having considered the above reason, the Board considers that acquiring the proposed composition of one large and three small hydraulic truck cranes would be more suitable as most of the upcoming projects of the Highways Department are expected to be carried out in urban areas.

The Board considers that the change in the use of net proceeds would meet the needs of the Group more efficiently and enhance the flexibility of the Group and is in the interests of the Company and the shareholders of the Company (the “Shareholders”) as a whole.

Use of Proceeds obtained from the Placing and Change in Use of Proceeds

The net proceeds from the Placing, after deducting listing related expenses, were approximately HK\$35.7 million. An analysis of the utilisation of the net proceeds from the Listing Date up to 31 March 2017 is set out below:

	Planned use of net proceeds as stated in the Prospectus up to 31 March 2017 <i>HK\$ million</i>	Actual use of net proceeds up to 31 March 2017 <i>HK\$ million</i>
Acquisition of additional site equipment	17.3	17.3
Further strengthening the Group's manpower	6.8	3.3
Repayment of bank loans and finance lease	6.8	6.8
General working capital of the Group	3.3	3.3

The Group refers to the announcement of the Company dated 14 June 2017 regarding a change in use of proceeds for the period from 1 April 2017 to 30 September 2017. The Board has resolved to change the use of net proceeds from the Placing by acquiring two excavators instead of one air compressor and one excavator. In October 2016, the Board assessed the needs for each project and had decided to use the Group's internal resources to purchase an air compressor to address such needs. Therefore, the Board considers that purchasing an additional air compressor with the listing proceeds would not be efficient and effective at this stage. The Board has considered the listing proceeds to be better utilised with the purchase of an additional excavator to replace an existing excavator which has broken down and would be costly to repair. Having considered the above reasons, the Board has decided to purchase two excavators with the listing proceeds of approximately HK\$0.7 million, which is allocated for use from 1 April 2017 to 30 September 2017.

The Board considers that the change in the use of net proceeds would meet the needs of the Group more efficiently and enhance the flexibility of the Group and is in the interests of the Company and the Shareholders as a whole.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, the Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 31 March 2017 and up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "Code") in Appendix 15 of the GEM Listing Rules. Save as disclosed below, the Directors consider that since the Listing Date and up to the date of this announcement, the Company has complied with all the applicable code provisions set out in the Code.

Under code provision A.1.8 of the 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.

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 date of this announcement.

COMPETING INTERESTS

Save as disclosed below, 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 the Group which competes or is likely to compete, directly or indirectly, with the Group's business during the Reporting Period and up to the date of this announcement.

Name of Director	Name of entity which is considered to compete or likely to compete with the business of the Group	Description of business	Nature of interests
Mr. Liu Yan Chee James	Asia Resources Holdings Limited (Stock code: 0899)	Principally engaged in iron mining business; securities and gold trading; and property investments	Executive director (appointed on 26 April 2017)

DEED OF NON-COMPETITION

The deed of non-competition dated 24 March 2016 has been entered into by the Controlling Shareholders in favour of the Company. Pursuant to which the Controlling Shareholders have undertaken, jointly and severally, to the Company that they would not, and that their close associates and/or companies controlled by the Controlling Shareholders would not, directly or indirectly, either on their own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise) any business which is or may be in competition with the existing core business of the Group. Details of the non-competition deed are set out in the paragraph headed “Non-Competition Undertakings” in the section headed “Relationship with our Controlling Shareholders” of the Prospectus.

The Company has received an annual declaration from each of the Controlling Shareholders confirming that he/she/it has complied with the non-competition undertakings provided to the Company under the said deed of non-competition during the Reporting Period. The Independent non-executive Directors (the “INEDs”) have reviewed the status of compliance and enforcement of the non-competition undertakings and confirmed that all the undertakings thereunder have been complied for the Reporting Period.

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 (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 up to the date of this announcement.

SHARE OPTION SCHEME

The share option scheme (the “Share Option Scheme”) of the Company has been adopted by way of shareholder’s written resolution passed on 24 March 2016 for the purpose of attracting and retaining the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the businesses of the Group. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules and are summarised below:

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point in time, without prior approval from the Shareholders. The number of Shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the Shareholders. Options granted to substantial Shareholders or INEDs or any of their respective associates (including a discretionary trust whose discretionary objects include substantial Shareholders, INEDs, or any of their respective associates) in any 12-month period in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Shareholders.

Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK\$1 per option. Options may be exercised at any time during a period as the Directors may determine which shall not exceed ten years from the date of grant. The exercise price is determined by the Directors, and will be at least the higher of (i) the closing price of the Shares on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share.

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the adoption date (i.e. 24 March 2016) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

There is no option outstanding, granted, exercised, cancelled and lapsed from the date of adoption of the Share Option Scheme to 31 March 2017.

INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Group has appointed TC Capital International Limited as the Group's compliance adviser, which will provide advice and guidance to the 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 the compliance adviser dated 31 March 2016, neither the compliance adviser nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company complies with the minimum of public float of 25% as required under the GEM Listing Rules as at the date of this announcement.

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 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 INEDs. 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 the Group, and as to the adequacy of the external and internal audits.

The audit committee had also reviewed audited annual results in respect of the year ended 31 March 2017, and confirmed that this announcement complies with the applicable standard, the GEM Listing Rules, and other applicable legal requirements and that adequate disclosures have been made.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

This announcement will be published on the respective websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.luenwong.hk). The annual report for the Reporting Period containing all the information required by the GEM Listing Rules will be published on the website of the Company and the Stock Exchange and despatched to the Company's shareholders in due course.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming AGM of the Company will be held on Monday, 7 August 2017 at Suite 3003, Courtyard by Marriott, 1 On Ping Street, Shatin, New Territories, Hong Kong. For the purpose of determining entitlement to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Wednesday, 2 August 2017 to Monday, 7 August 2017, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the forthcoming AGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than 4:00 p.m. on Tuesday, 1 August 2017.

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

Hong Kong, 26 June 2017

As at the date of this announcement, the executive Directors are Mr. Wong Che Kwo (Chairman), Mr. Wong Wing Wah (Chief Executive Officer) 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.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited 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 announcement 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 in this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its posting and on the website of the Company at www.luenwong.hk.