Man King Holdings Limited

萬景控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code : 2193)

Annual Report 2015





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Lo Yuen Cheong *(Chairman)*
Lo Yick Cheong

Non-executive Director

Chan Wai Ying

Independent non-executive Directors

Leung Wai Tat Henry
Lo Man Chi
Chau Wai Yung

AUDIT COMMITTEE

Leung Wai Tat Henry *(Chairman)*
Chan Wai Ying
Chau Wai Yung
Lo Man Chi

REMUNERATION COMMITTEE

Chau Wai Yung *(Chairman)*
Lo Yuen Cheong
Leung Wai Tat Henry
Lo Man Chi

NOMINATION COMMITTEE

Lo Yuen Cheong *(Chairman)*
Lo Yick Cheong
Chau Wai Yung
Leung Wai Tat Henry
Lo Man Chi

COMPANY SECRETARY

Wan Ho Yin

SOLICITORS

Hui & Lam
Maples and Calder

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited

REGISTERED OFFICE

PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

PRINCIPAL OFFICE

Unit D, 10/F
Skyline Tower
18 Tong Mi Road
Mongkok, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093
Boundary Hall, Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

2193

WEBSITE

http://www.manking.com.hk

Dear shareholders, on behalf of the board of directors (the "Board") of Man King Holdings Limited (the "Company"), I am pleased to report the first set of results for the Company and its subsidiaries (collectively the "Group", "Man King" or "We") for the financial year ended 31 March 2015. As a Board, we have recognised the requirement for the information contained in this annual report to be fair, balanced and understandable and to contain the information necessary for shareholders to assess the Group's performance, business model and strategy.

PERFORMANCE

We are pleased that the Group's revenue increased by HK$59.8 million, from HK$201.0 million in FY2014 to HK$260.8 million in FY2015, and the Group's gross profit increased by HK$7.9 million from HK$64.9 million in FY2014 to HK$72.8 million in FY2015. The reasons of the increase are stated in details in the section headed "Management Discussion and Analysis" of this annual report. Despite inflationary price and labour cost pressures in the market, our margins remained solid as a result of contract price adjustment mechanism provided in most of our public sector projects. In addition, we were awarded a new contract of HK$55.6 million to restore a damaged petroleum depot jetty in May 2015.

We have also successfully implemented a new internal control system to ensure that our businesses are operated in compliance with the statutory as well as the Group's requirements.

STRATEGY

Following the remarkable development milestone of the Group being listed on the Hong Kong Stock Exchange on 3 July 2015, the Group's strategy is to continuously develop the business significantly in its chosen markets in the coming years and to deliver a safe, robust, sustainable and optimised performance from efficient business processes. Our business will remain focusing in public civil engineering services in the Hong Kong construction industry and we will expand our client base to include more quasi-government and institutional organisations.

OUR PEOPLE

Man King's success lies with its people and its ability to recruit, retain and develop the skills of its employees to form a balanced and integrated workforce at all levels. There are pressures to ensure we have the right teams in place against the current market demand. We are ever mindful of our responsibility to make sure that all the employees across every part of the business have regular opportunities to learn and grow their skills. We aim to excel and create an engaging and stimulating environment for our people. I am pleased that at Man King we have an experienced and professional team with commitment for the Group. I would like to take this opportunity on behalf of the Board to express my most sincere gratitude and thanks to our all our people for their dedication, professionalism and sheer hard work during the year.

OUTLOOK

Looking ahead, the prospects for the Group's construction sector are favourable in view of the economic climate continues to be positive and the vast public expenditure to be maintained in the coming few years. We believe that the Group's proven capabilities in the construction industry will further develop good reputation and market share.

Our operating margins are under pressure due to inflationary price and labour cost pressures in the market. However, strong risk management and our ability to offer a greater range of services positions us well for the future.

With the continuing improvements in our operating performance and full support and commitment of our strong team, we will be on course to meet the Board's expectations for the current financial year.

Lo Yuen Cheong
Chairman
20 July 2015

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL RESULTS

The Group recorded a significant revenue growth of 29.8%, from HK$201.0 million in FY2014 to HK$260.8 million in FY2015. The recognition of listing expenses of HK$7.1 million in FY2015 resulted the decrease of profit for the year by 14.1%, from HK$40.7 million in FY2014 to HK$35.0 million in FY2015.

During the year, the Group was awarded with four new projects with total value of HK$103.5 million. In May 2015, we were awarded with a new contract regarding the provision of private sector civil works at a contract sum of HK$55.6 million.

INDUSTRY OVERVIEW

The revenue of the civil engineering industry in Hong Kong grew at a CAGR of approximately 37.4%, from approximately HK$13.8 billion in 2009 to approximately HK$67.6 billion in 2014. The significant increase was mainly attributed to the rising number of projects for civil engineering works, and the increase in contract value for projects carried out. Revenue of the civil engineering industry in Hong Kong is expected to grow substantially at an average rate of about 23.9% each year between 2015 and 2019. The upward momentum will be mainly fueled by the on-going "Ten Major Infrastructure Projects", construction of new development areas launch of urban renewal projects and the Government's target to increase residential units.

Overall, the future trends and developments of civil engineering industry in Hong Kong includes increasing exportation of civil engineering consulting services, geographic expansion of civil engineering contractors and transportation link construction. The Government's plan on a high public spending on infrastructure and new development areas is anticipated to drive the demand for civil engineering works.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2015, the Group had a total of 169 employees and total staff cost for the year ended 31 March 2015 was HK$56.5 million. Competitive remuneration packages are structured for each employee to commensurate with individual responsibility, qualifications, experience and performance. In addition, discretionary bonuses may be paid depending upon the financial performance of the Group as well as performance of the individuals.

FINANCIAL REVIEW

Statement of profit or loss

Revenue

Revenue increased significantly by HK$59.8 million or 29.8% from HK$201.0 million to HK$260.8 million, mainly due to higher revenue of HK$77.5 million was recognised for four construction projects, including construction of footbridge at Tuen Mun River which commenced construction works in December 2013 and was in full swing during the year ended 31 March 2015, and three other new projects commenced during the year ended 31 March 2015. The effect was offset by lower revenue of HK$8.1 million recognised for Kai Tak development and Shatin Central Link — Kai Tak projects, for the year ended 31 March 2015 as compared to the revenue of HK$91.5 million recognised for the same projects which we had completed more work items of the aforesaid projects, such as sediment dredging works and road works, with greater aggregate value during the year ended 31 March 2014; and lower revenue of HK$11.9 million recognised for projects which were completed before 31 March 2014.

Gross profit

Gross profit increased by HK$7.9 million or 12.2% from HK$64.9 million to HK$72.8 million, while gross profit margin decreased from 32.3% to 27.9%.

Decrease in gross profit margin was mainly attributable to a contract, construction of footbridge at Tuen Mun River awarded in December 2013, which accounted for 12.1% of revenue and had lower profit margin of 12.2% for the year ended 31 March 2015. Although it was lower than our overall gross profit margin of 27.9% for the year ended 31 March 2015 due to competitive conditions at the tender stage, it is still reasonable to undertake this project because the Group's profile would be enhanced through the cooperation with new customer, which is a non-government public body engaged in subsidised and non-subsidised housing development and management services.

Decrease in gross profit margin was also due to less variation orders performed for Kai Tak development project, which accounted for 17.5% of our revenue for the year ended 31 March 2015. More variation orders were completed during the year ended 31 March 2014 due to amendment to project specifications and volume of works requested by the customer. The values of the variation orders represented higher gross profit margins than the original contract sum due to higher pre-determined prices for those variation work items quoted by the Group during the tendering stage, which in turn caused this project having a high gross profit margin of over 35% for the year ended 31 March 2014.

In fact, the Group still achieved relatively high gross profit margin in civil engineering industry, mainly attributable to (i) focus on public sector projects, most of which contained price adjustment mechanism which the Group's profitability will not be affected by fluctuations in cost of materials and labours; (ii) the Group's systematic tender review procedures which ensure that the Group is able to devise construction method and allocate our resources efficiently and economically; (iii) the Group's business strategy to keep a small operating scale while allocating resources towards a limited number of projects of higher profit margin, instead of running with a high volume of projects but with lower profit margin; and (iv) the focus on our project management and other supervisory work, and to minimise the overhead costs through subcontracting parts of the construction works.

Other income

Other income increased by 52.7% from HK$512,000 to HK$782,000, mainly due to more bank interest income received as a result of the increase in average bank balances and the slight increase in bank interest rate for the year ended 31 March 2015.

Other gains and losses

Other gains and losses decreased by 57% from HK$484,000 to HK$208,000, mainly due to lower exchange gain recognised resulting from the appreciation of Renminbi at a slower pace for the year ended 31 March 2015.

Administrative expenses

Administrative expenses increased by 47.7% from HK$17.0 million to HK$25.1 million, mainly due to (i) increase in staff costs from HK$6.7 million to HK$11.8 million due to (a) the increase in directors' emolument from HK$1.1 million to HK$4.4 million; (b) the salary increment of our Group for the year ended 31 March 2015; and (c) the increase in bonus paid to our staff who had outstanding performance during the year ended 31 March 2015; (ii) the increase in insurance expenses, such as employees' compensation insurance and contractor's all risks insurance, of HK$1.2 million for our civil engineering projects which were in full period construction or commenced construction works for the year ended 31 March 2015; and (iii) the increase in rent and rates of HK$0.4 million as a result of full year impact on the leased properties occupied by the Group as site offices.

Listing expenses

Listing expenses in relation to the share offer primarily consist of fees paid or payable to professional parties.

Finance costs

Finance costs decreased by 23.1% from HK$264,000 to HK$203,000, mainly due to the decrease in bank borrowings from HK$6.6 million as at 31 March 2014 to HK$4.8 million as at 31 March 2015.

Income tax expense

The effective tax rates for the years ended 31 March 2014 and 2015 were approximately 16.2% and 15.4% respectively. The effective tax rate for the year ended 31 March 2015 was lower than the statutory profit tax rate of 16.5% which was mainly due to the net effect of (i) the tax refund recorded in the year ended 31 March 2015; and (ii) the tax effect of listing expenses being not deductible for tax purpose.

Profit and total comprehensive income for the year

Profit and total comprehensive income decreased by 14.1% from HK$40.7 million to HK$35.0 million, mainly due to the recognition of listing expenses of HK$7.1 million for the year ended 31 March 2015, and the increase in administrative expenses of HK$8.1 million.

Statement of financial position

Net assets of the Group increased by 28.9% from HK$110.0 million as at 31 March 2014 to HK$141.8 million as at 31 March 2015.

Non-current assets decreased by 9% from HK$1.9 million to HK$1.8 million, primarily due to the depreciation charge for the year.

Net current assets increased by 29.6% from HK$108.1 million to HK$140.1 million. The increase was mainly due to the profitable operations during the period resulting in (i) an increase in the amounts due from customers for contract works of HK$17.0 million; (ii) a decrease in creditors and accrued charges of HK$13.5 million; and (iii) settlement on amounts due to a director of HK$5.7 million. Such effects were partially offset by (i) a decrease in amounts due from joint operations/other partners of joint operations of HK$3.2 million; and (ii) an increase in the amounts due to customers for contract work of HK$4.6 million.

Liquidity and financial resources

As at 31 March 2015, the Group had bank balances and cash of HK$89.4 million (2014: HK$90.1 million), which were mainly denominated in Hong Kong dollars and Renminbi. The exposure to foreign exchange rate fluctuation was disclosed in note 7 to the consolidated financial statements.

As at 31 March 2015, the Group had interest bearing borrowings of HK$4.8 million (2014: HK$6.6 million) with a repayable on demand clause. Such borrowings was denominated in Hong Kong dollars, carried at variable interest rate and had no financial instrument for hedging purpose.

Capital structure and gearing

As at 31 March 2015, total equity was HK$141.8 million (2014: HK$110.0 million) comprising ordinary share capital and reserves.

The gearing ratio of the Group, defined as a percentage of interest bearing liabilities divided by the total equity, decreased from 6% in 2014 to 3.4% in 2015.

For details of pledged assets and performance bonds and contingent liability of the Group, please refer to notes 21 and 28 to the consolidated financial statements accordingly.

Significant investments

The Company did not hold any significant investment during the year ended 31 March 2015.

Material acquisitions and disposal of subsidiaries and associated companies

There was no acquisition or disposal of subsidiaries and associated companies by the Company during the year ended 31 March 2015.

EXECUTIVE DIRECTORS

Mr. Lo Yuen Cheong, 62, is the Chairman and executive Director of the Company and also the Chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. He is responsible for the financial and operational aspects of the Group, and is jointly responsible for the formulation of business development strategies of the Group.

Mr. Lo Yuen Cheong has over 34 years of experience in working in the civil engineering industry. He is qualified as a Chartered Engineer registered with The Engineering Council of the United Kingdom and a Registered Professional Engineer (RPE) with Engineers Registration Board of Hong Kong. He is also a member (MICE) of The Institution of Civil Engineers of the United Kingdom and a member (MHKIE) of The Hong Kong Institution of Engineers.

Mr. Lo Yuen Cheong obtained a Master degree of Engineering (MEng) in Civil Engineering from The University of Sheffield in 1979, and a Master degree of Arts (MA) in Economic from The University of Oklahoma in 1998.

He is the brother of Mr. Lo Yick Cheong and the brother-in-law of Ms. Chan Wai Ying.

Mr. Lo Yick Cheong, 59, is the executive Director and also a member of the Nomination Committee of the Company. He is responsible for the operations and business development and is jointly responsible for the formulation of business development strategies of our Group.

Mr. Lo Yick Cheong has over 33 years of experience in working in the engineering industry. He is qualified as a Chartered Engineer of The Engineering Council of the United Kingdom, and a Registered Professional Engineer (RPE) with Engineers Registration Board of Hong Kong. He is also a member of The Institute of Marine Engineers of the United Kingdom (MIMarE), and a member of The Hong Kong Institution of Engineers (MHKIE).

Mr. Lo Yick Cheong obtained a diploma in Marine Engineering from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1976, a degree of Bachelor of Engineering with First Class Honours in Mechanical Engineering from University of Newcastle Upon Tyne in the United Kingdom in 1986, and a Master degree of Business Administration from University of Leicester in the United Kingdom in 1995. He attained a certificate of competency (Marine Engineer Officer), class 1 (Steamship and Motorship) at the Department of Transport in the United Kingdom in 1985.

He is the brother of Mr. Lo Yuen Cheong and the brother-in-law of Ms. Chan Wai Ying.

NON-EXECUTIVE DIRECTOR

Ms. Chan Wai Ying, 50, is the non-executive Director and also a member of the Audit Committee of the Company. She has over 20 years of experience in accounting profession and she advises the board on internal control and financial management.

Ms. Chan Wai Ying is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

She is the sister-in-law of Mr. Lo Yuen Cheong and Mr. Lo Yick Cheong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Wai Tat Henry, 66, is the independent non-executive Director of the Company. Mr. Leung joined the Group in June 2015. He is also the Chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee of the Company. He has over 40 years of experience working in the engineering industry. He had worked with the Government as structural engineer from May 1980 to December 1982. He also had six years of experience working with engineering consulting firms in Australia from 1984 to 1989. He was employed by Jacobs China Limited for the period from September 1990 to March 2005. His last position was managing director.

Mr. Leung graduated with a Bachelor degree of Science in Engineering from The University of Hong Kong in November 1973 and a Master degree of Engineering Science from The University of Sydney, Australia in May 1984. He is a member of The Institution of Civil Engineers of the United Kingdom, a fellow of The Hong Kong Institution of Engineers, and a fellow of The Institution of Structural Engineers of the United Kingdom. He is also a Registered Professional Engineer with Engineers Registration Board of Hong Kong.

DIRECTORS AND SENIOR MANAGEMENT

Professor Lo Man Chi, 49, is the independent non-executive Director. Prof. Lo joined the Group in June 2015. She is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. She has joined The Hong Kong University of Science and Technology since 1992, and is currently a professor in the Department of Civil and Environmental Engineering. She has extensive research and practical experience in the field of civil and environmental engineering, and produced various academic publications.

Professor Lo was nominated as an active member of class VI — Technical and Environmental Sciences of the European Academy of Sciences and Arts in July 2014. She is a fellow of The Hong Kong Institution of Engineers (HKIE) and a fellow of American Society of Civil Engineers. She is currently the chairperson of the Environmental Division of the HKIE. She obtained a Bachelor of Science degree in Engineering from National Taiwan University in 1988, as well as a Master of Science degree in Engineering, and a Doctor of Philosophy degree from The University of Texas at Austin in 1990 and 1992, respectively.

Ms. Chau Wai Yung, 30, is the independent non-executive Director. Ms. Chau joined the Group in June 2015. She is also the Chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. She is an associate member of Hong Kong Institute of Certified Public Accountants, and has worked as an accountant with Deloitte Touche Tohmatsu for more than 4 years. Thereafter, she joined the corporate recovery & forensic services department of Mazars CPA Limited from March 2011 to September 2012. She is currently a project manager consultant with Vieste Investments Limited.

Ms. Chau graduated with a first class honour Bachelor degree of Social Sciences from The Chinese University of Hong Kong in May 2006. She also obtained a postgraduate certificate in professional accounting from City University of Hong Kong in summer 2006.

SENIOR MANAGEMENT

Mr. Chiu Kwok Ming, 51, is the assistant general manager (estimating, procurement, health & safety, and quality assurance) of the Group. He leads the Group's tendering department, and assumes the responsibility for our Group's quality assurance affairs, together with our Group's health and safety, and environmental management.

Mr. Chiu has over 29 years' of experience working in the civil engineering industry and he was trained as lead auditor for implementing and monitoring quality assurance of the Group.

Mr. Lam Chun Pan, 40, is the assistant general manager (operation and service) of the Group. He carries out the operational responsibility for the Group's construction and services operations.

Mr. Lam is a member of The Hong Kong Institution of Engineers, and has over 18 years' of experience working in the civil engineering industry.

Mr. Wan Ho Yin, 37, is the financial manager and company secretary of the Group. He is responsible for the Group's financial affairs, engaging and overseeing all aspects of the corporate financial activities, internal control, treasury, and investors' relation of our Group.

Mr. Wan is a fellow member of each of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants, and has over 14 years' of experience on accounting profession.

Mr. Lam Tat Shing, 37, is the senior project manager of the Group. He is responsible for site operation and management of civil and marine projects.

Mr. Lam is a member of The Hong Kong Institution of Engineers, and has over 15 years' of experience working in the civil engineering industry. He also has experience of port works and fill management.

The directors present their first annual report and the audited consolidated financial statements for the year ended 31 March 2015.

REORGANISATION

The Company was incorporated in the Cayman Islands on 12 November 2014 as an exempted company with limited liability under the Company Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Pursuant to a group reorganisation, which was completed on 31 December 2014 in preparation for listing the Company's shares on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), the Company became the holding company of the subsidiaries comprising the Group. Details of the group reorganisation are set out in the prospectus of the Company dated 19 June 2015.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company.

The activities of its material joint operations and subsidiaries at 31 March 2015 are set out in notes 29 and 31 to the consolidated financial statements respectively.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2015, the five largest customers of the Group and the single largest customer of the Group accounted for 90.2% and 30.7% (2014: 77.5% and 32.7%) of the total revenue of the Group, respectively. The five largest suppliers and the single largest supplier of the Group during the year accounted for approximately 39.7% and 9.0% (2014: 48.9% and 14.0%) of the total purchases of the Group, respectively. The five largest subcontractors and the single largest subcontractor of the Group during the year accounted for approximately 56.4% and 21.7% (2014: 57.0% and 15.7%) of the total subcontracting fee of the Group, respectively.

As far as the directors are aware, none of the directors, their close associates, within the meaning of the Rules Governing the Listing of Securities on Stock Exchange (the "Listing Rules"), or those shareholders which to the knowledge of the directors own more than 5% of the Company's share capital have an interest in any of the five largest customers and/or five largest suppliers/subcontractors of the Group for the year ended 31 March 2015.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 22 of the annual report and in accompanying notes to the consolidated financial statements.

The Company was incorporated on 12 November 2014. As at 31 March 2015, our Company had no distributable reserves available for distribution to shareholders. Movement in the reserves of the Group is set out in the consolidated statement of changes in equity on page 24 of the annual report.

Prior to the group reorganisation, in December 2014, Peako Engineering Co. Limited and Concentric Construction Limited, the subsidiaries of the Company, declared and paid a dividend of total of HK$7,378,000 to the then shareholders.

PROPERTY, PLANT AND EQUIPMENT

Details of the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

THREE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last three financial years is set out on page 60 of this annual report.

SHARE CAPITAL

Details of movements in the share capital are set out in note 24 to the consolidated financial statements respectively.

DIRECTORS' REPORT

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the law of the Cayman Islands.

DIRECTORS

The directors of the Company during the year and up to the date of this report are:

Executive Directors:

Lo Yuen Cheong *(Chairman)*	*(appointed on 12 November 2014)*
Lo Yick Cheong	*(appointed on 12 November 2014)*

Non-executive Director:

Chan Wai Ying	*(appointed on 2 January 2015)*

Independent non-executive Directors:

Leung Wai Tat Henry	*(appointed on 3 June 2015)*
Lo Man Chi	*(appointed on 3 June 2015)*
Chau Wai Yung	*(appointed on 3 June 2015)*

In accordance with the provisions of the Company's bye-laws, the directors retire and, being eligible, offer themselves for re-election.

Biographical details of directors and senior management are set out in the section headed "Directors and Senior Management" in this report.

The Company has received, from each of the independent non-executive Directors, a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company. The service contracts are initially for a fixed term of three years and will continue thereafter until terminated by not less than three months written notice to the other party.

Non-executive Director has been appointed for an initial term of two years and the appointments are subject to the provisions of the Articles of Association with regard to vacation of office of directors, removal and retirement by rotation of directors.

Other than as disclosed above, no Director proposed for re-election at the annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

No management contracts concerning the whole or any substantial part of the business of the Company were entered into or existed during the year.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the management on the basis of their merit, qualifications and competence.

The Remuneration Committee considers and recommends to the Board on the remuneration and other benefits paid by the Company to the directors by reference to the Company's operating results, individual performance and comparable market rates. The remuneration of all directors is subject to regular monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate.

As at 31 March 2015, the Group had an aggregate of 169 full-time employees. Employee costs excluding directors' emoluments totalled HK$52.1 million for the year ended 31 March 2015. The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees including the directors with reference to individual performance and current market salary scale.

Details of directors', chief executive's and employees' emoluments remuneration are set out in note 12 to the consolidated financial statements.

In addition to the above, a share option scheme is adopted for rewarding and retaining directors and employees for the continual operation and development of the Group.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph headed "Related Party Transactions and Connected Transactions", no contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries or its holding company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME

The Company conditionally adopted the share option scheme on 3 June 2015, and such scheme has become effective on the Listing Date (the "Share Option Scheme"). The purpose of the Share Option Scheme is to recognize and acknowledge the contribution of the eligible participants made to the Group. The Board may, at its discretion, grant options pursuant to the Share Option Scheme to directors (including the independent non-executive directors), the Company's subsidiaries, employees of the Group and other persons the Board considers have contributed or will contribute to the Group. The maximum number of shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 10% of the issued share capital of the Company (i.e. 41,500,000 shares), unless otherwise approved by the shareholders of the Company in general meeting and/or other requirements prescribed under the Listing Rules. The subscription price of a share in respect of a particular option shall be not less than the highest of (a) the official closing price of the Shares on the daily quotation sheet of the Stock Exchange; (b) the average official closing price of the shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a share. The Share Option Scheme shall remain effective within a period of 10 years from that date.

On 15 July 2015, the Company has granted 10,000,000 share options under the Share Option Scheme to three directors of the Company. Mr. Lo Yuen Cheong, Mr. Lo Yick Cheong and Ms. Chan Wai Ying were entitled 3,500,000 share options, 3,500,000 share options and 3,000,000 share options, respectively. The exercise price is HK$1.1 per share option and the exercisable period is from 15 July 2016 to 14 January 2018.

Save as disclosed above, none of the directors nor their spouse or children under 18 years of age were granted or had exercised any rights to subscribe for any securities of the Company.

DISCLOSURE INTERESTS IN SECURITIES

A. Directors' and the chief executive interests in the shares of the Company

As at the date of this report, the interests and/or short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), which or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of director and Group member/ associated corporation	Capacity/nature	Number of issued ordinary shares held (long position) (Note 1)	Percentage of the issued share capital of the Company
Lo Yuen Cheong of the Company	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	300,000,000	72.29%
Lo Yick Cheong of the Company	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	300,000,000	72.29%
Lo Yuen Cheong of Jade Vantage Holdings Limited (Note 2)	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	50,000 of US$1 each	100%
Lo Yick Cheong of Jade Vantage Holdings Limited (Note 2)	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	50,000 of US$1 each	100%

Note 1: Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).

Note 2: Jade Vantage Holdings Limited, which owns 72.29% of the issued share capital of our Company, is owned as to 100% by LOs Brothers (PTC) Limited, the trustee of the Los Family Trust. Mr. Lo Yuen Cheong, Mr. Lo Yick Cheong and each of their spouses are co-founders of the Los Family Trust, which holds the entire issued share capital of Jade Vantage Holdings Limited, which holds 300,000,000 shares. By virtue of the SFO, Mr. Lo Yuen Cheong and Mr. Lo Yick Cheong are deemed to be interested in the shares in which Jade Vantage Holdings Limited is interested.

B. Substantial shareholders and other interests

As at the date of this report, so far as the directors are aware, the following persons (not being a director or a chief executive of the Company) will have an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Company:

Name of shareholder	Nature of interest	Number of issued ordinary shares held (long position) (Note 1)	Percentage of the issued share capital of the Company
LOs Brothers (PTC) Limited	Interest in a controlled corporation	300,000,000	72.29%
Jade Vantage Holdings Limited (Note 2)	Beneficial owner	300,000,000	72.29%
Lo Yuen Cheong	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	300,000,000	72.29%
Lo Yick Cheong	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	300,000,000	72.29%
Tam Wai Sze, Vera	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	300,000,000	72.29%
Cheung Suk Ching, Savonne	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	300,000,000	72.29%

Note 1: Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).

Note 2: Jade Vantage Holdings Limited, which owns 72.29% of the issued share capital of our Company, is owned as to 100% by LOs Brothers (PTC) Limited, the trustee of the Los Family Trust. Mr. Lo Yuen Cheong, Mr. Lo Yick Cheong and each of their spouses are co-founders of the Los Family Trust, which holds the entire issued share capital of Jade Vantage Holdings Limited, which holds 300,000,000 shares. By virtue of the SFO, Mr. Lo Yuen Cheong and Mr. Lo Yick Cheong are deemed to be interested in the shares in which Jade Vantage Holdings Limited is interested.

Save as disclosed above, as at the date of this report, no person, other than the directors and chief executive of the Company whose interests are set out in the section "Directors' and the chief executive's interests in the shares of the Company" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions undertaken in the normal course of business are provided under note 27 to the consolidated financial statements, and none of which constitutes a discloseable connected transaction as defined under the Listing Rules.

DIRECTORS' REPORT

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float under Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the directors.

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

As the Company's shares were not listed during the year under review, the issue regarding purchase, sale or redemption by the Company, or any of its subsidiaries of its listed securities is not applicable to the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Each of the directors has confirmed that he is neither engaged, nor interested, in any business which, directly or indirectly, competes or may compete with the Group's business.

NON-COMPETITION UNDERTAKINGS BY THE CONTROLLING SHAREHOLDERS

Mr. Lo Yuen Cheong, Mr. Lo Yick Cheong, Ms. Tam Wai Sze, Vera, Ms. Cheung Suk Ching, Savonne, Jade Vantage Holdings Limited and LOs Brothers (PTC) Limited entered into a deed of non-competition dated 3 June 2015 (the "Deed of Non-Competition") so as to better safeguard the Group from any potential competition and so as to better safeguard the Group from any potential competition and to formalise the principles for the management of potential conflicts between them and to enhance its corporate governance in connection with the listing of the shares on the Stock Exchange.

The independent non-executive directors were not required to review any matter in relation to compliance and enforcement of the Deed of Non-Competition during the Period.

CORPORATE GOVERNANCE

The Board of the Company are committed to maintain high standards of corporate governance with the Corporate Governance Code, as set out in Appendix 14 of the Listing Rules with exception of deviation. Detailed information on the Company's corporate governance practices is set out in the "Corporate Governance Report" contained in pages 15 to 20 of the annual report.

BUSINESS REVIEW

Detailed information on the Group's business review is set out in the "Management Discussion and Analysis" contained in pages 4 to 6 of the annual report.

EVENTS AFTER THE REPORTING PERIOD

The Company completed its initial public offering in Hong Kong and its shares have been listed on The Stock Exchange of Hong Kong Limited on 3 July 2015.

On 15 July 2015, the Company offered to grant an aggregate of 25,000,000 share options, representing 6.02% of the shares of the Company in issue at that date, to certain directors of the Company and employees of the Group, under its share option scheme adopted on 3 June 2015. The exercise price is HK$1.1 per share option and the exercisable period is from 15 July 2016 to 14 January 2018.

AUDITOR

The financial statements for the year ended 31 March 2015 have been audited by Deloitte Touche Tohmatsu.

On behalf of the Board

Lo Yuen Cheong
Chairman and Executive Director
20 July 2015

The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules as its own code of corporate governance. As the Company was not yet listed on the Stock Exchange during the year ended 31 March 2015, the CG Code was not applicable to the Company for the whole year ended 31 March 2015 and the period before the listing of the Company on the Stock Exchange on 3 July 2015 (the "Listing Date"). The manner in which the principles and code provisions in the CG Code are applied and implemented since the Listing Date and up to the date of this annual report (the "Period") is explained in this Corporate Governance Report.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance as it believes that good corporate governance practices are fundamental to the effective operation of a company and can enhance shareholders' value as well as safeguard shareholders' interests. The Company places strong emphasis on a quality Board, accountability, sound internal control, appropriate risk-assessment, monitoring procedures and transparency to all shareholders and stakeholders.

In the opinion of the directors, the Company has complied with the applicable code provisions as set out in the CG Code throughout the Period, except for the CG Code provisions A.2.1 in respect of the separate roles of the chairman and chief executive officer.

The Company will, from time to time, reviews and enhances its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

THE BOARD

The Board has a balanced composition of members to ensure independent judgement being exercised in all discussions. Key responsibilities include formulation of the Group's overall strategies, the setting of management targets and supervision of management performance. As at the date of this report, the Board comprises six directors including two executive directors, one non-executive director and three independent non-executive directors. Board members are listed below:

	Board of Directors	
Executive Directors	**Non-executive Director**	**Independent non-executive Directors**
Lo Yuen Cheong *(Chairman)*	Chan Wai Ying	Leung Wai Tat Henry
Lo Yick Cheong		Lo Man Chi
		Chau Wai Yung

The biographies of the directors is set out in the section headed "Directors and Senior Management" in this report. Save for the relationships as detailed in the biographies, there is no other relationship among the Board to the best knowledge of the Board members. The Company has also maintained on its website and that of the Stock Exchange an updated list of its directors identifying their roles and functions and whether they are independent non-executive directors. The independent non-executive directors are explicitly identified in all of the Company's corporate communications.

The Company has received written annual confirmation from each independent non-executive director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

All directors, including the independent non-executive directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive directors are invited to serve on the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

The Company has arranged appropriate directors' and officers' liability insurance for its directors and officers covering the costs, losses, expenses and liabilities arising from the performance of their duties since the Listing Date. The insurance policy covers legal action against its directors and officers to comply with the requirement of the CG Code. During the Period, no claim was made against the directors and officers of the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Lo Yuen Cheong has been both the chairman and chief executive officer of the Company. In addition to his responsibilities as Chairman leading and organising the business of the Board, ensuring its effectiveness, setting agenda and formulating overall strategies and policies of the Company, he has taken up the role of chief executive officer to manage the Group's business and overall operation in an efficient manner. However, the day-to-day business of the Group has been delegated to the divisional heads responsible for the different aspects of the business.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive directors has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date, and will continue thereafter until terminated by not less than three months written notice to the other party.

Each of the non-executive director and independent non-executive directors has been appointed for an initial term of two years commencing from the Listing Date. The appointments are subject to the provisions of the Articles of Association with regard to vacation of office of directors, removal and retirement by rotation of directors.

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's articles of association. Pursuant to the Company's articles of association, one-third of the directors for the time being shall retire from office by rotation provided that every director shall be subject to retirement by rotation at least once every three years. A retiring director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any directors retire may fill the vacated office by electing a like number of persons to be directors. Where vacancies arise at the Board, candidates will be proposed and put forward to the Board by the Nomination Committee.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed director receives comprehensive induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

According to code provision A.6.5 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding suitable training, as well as placing an appropriate emphasis on the roles, functions and duties of the directors.

The directors did not participate in any professional development courses during the Period. The directors confirm that they will comply with the relevant code provision in the coming year.

BOARD MEETINGS

Directors' resolutions were passed by way of written resolutions or by physical meetings during the year ended 31 March 2015.

The Board is expected to meet regularly or to meet more frequently as and when required. The directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by the directors.

The Company has to comply with the CG Code provisions with regard to the conduct of meetings, have annual meeting schedules and draft agenda of each meeting made available to directors in advance and serve notice of regular Board meetings to all directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is required to be given.

Board papers together with all appropriate, complete and reliable information have to be sent to all directors at least 3 days before each Board meeting or committee meeting to keep directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management where necessary.

The Company's articles of association contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

No meeting of the Board was held during the Period. The Company expects to hold not less than two Board meetings each year.

BOARD COMMITTEE

The Company established a Nomination Committee, Remuneration Committee and Audit Committee on 3 June 2015 with terms of reference in compliance with the CG Code, which are posted on the websites of the Company and the Stock Exchange.

Nomination Committee

The Nomination Committee currently comprises five members, being three independent non-executive directors including Mr. Leung Wai Tat Henry, Prof. Lo Man Chi and Ms. Chau Wai Yung, and two executive directors including Mr. Lo Yuen Cheong and Mr. Lo Yick Cheong.

The principal responsibilities of the Nomination Committee are regular reviewing of the Board composition, identifying and nominating suitable candidates as Board members, assessing of the independence of the independent non-executive directors and Board evaluation.

No Nomination Committee meeting was held during the Period. After the Listing Date, the Nomination Committee will meet at least once a year.

Remuneration Committee

The Remuneration Committee currently comprises of four members, being three independent non-executive directors including Mr. Leung Wai Tat Henry, Prof. Lo Man Chi and Ms. Chau Wai Yung, and one executive director being Mr. Lo Yuen Cheong.

The Remuneration Committee is responsible for reviewing the remuneration of the directors and senior management and making recommendation to the Board for approval. The fees of the independent non-executive directors are recommended by the Remuneration Committee to the Board for approval at the annual general meeting of the Company (with the relevant committee members abstaining from voting on the resolution concerning his own remuneration).

No Remuneration Committee meeting was held during the Period. After the Listing Date, the Remuneration Committee will meet at least once a year.

Audit Committee

The Audit Committee currently comprises of four members, being three independent non-executive directors including Mr. Leung Wai Tat Henry, Prof. Lo Man Chi and Ms. Chau Wai Yung, and one non-executive director being Ms. Chan Wai Ying.

The primary duties of the Audit Committee include making recommendations to the Board on the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor and assessing their independence and performance, reviewing of the effectiveness of financial reporting processes and internal control systems of the Group and reviewing the Group's financial information and compliance.

No Audit Committee meeting was held during the Period. After the Listing Date, the Audit Committee will meet at least twice a year.

QUALITY, HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT

Quality

The Group has instituted an integrated management system, meeting the requirements of ISO9001:2008, the clients and the statutory regulations. These requirements are being delivered through professional standards of quality, safety, environmental and operation management.

The Group has consistently delivered products and services of the highest quality through a process of continuous improvement to earn social recognition and become the preferred partner with each of its valued clients.

Health, Safety and Environmental

Health and safety of all those who visit and work on the Group's sites, together with the protection of the environment, have been and will remain key priorities of the Group.

In addition to the three Board Committees of the Company, a robust Safety, Health and Environment Committee has been established to ensure that health, safety and environmental matters are appropriately managed by the Group. During the year, the Safety, Health and Environment Committee has continued to drive the continuous improvement of health, safety and environmental practices throughout the Group.

The committee members include an executive director, an assistant general manager for operation, an assistant general manager for quality and health, safety and environmental management, and the safety manager and they meet formally bi-monthly unless they are notified to the contrary.

The role of the Safety, Health and Environment Committee is to:

- Build and sustain an Incident/Injury-free working environment;
- Create a positive health, safety and environmental culture;
- Implement an effective health, safety and environmental Management System and proactively manage health, safety and environmental performance.

The Group has improved its overall safety performance and achieved its ultimate goal of zero fatal accident and the target accident frequency rate below 0.5 per 100,000 man-hours. In the year ahead, the Safety, Health and Environment Committee will continue to promote the benefits of health, safety and environmental and reduce the Group's current accident frequency rate.

BOARD DIVERSITY POLICY

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance and hence the purpose of the Board Diversity Policy aims to build and maintain a Board with a diversity of directors, in terms of skills, experience, knowledge, expertise, culture, independence, age and gender. These differences will be taken into account in determining the optimum composition of the Board. The Nomination Committee will discuss the measurable objectives for implementing diversity on the Board from time to time and recommend them to the Board for adoption.

The Nomination Committee will report annually on the composition of the Board under diversified perspectives, and monitor the implementation of this policy to ensure the effectiveness of this policy. It will also discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the directors.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the Period.

DELEGATION OF MANAGEMENT FUNCTIONS

The Board reserves for its decision all major matters of the Company including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the executive directors and the senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

ACCOUNTABILITY

The directors are acknowledged of their responsibility for preparing of the financial statements of the Group for the year ended 31 March 2015 under applicable statutory and regulatory requirements which give true and fair view of the state of affairs, the results of operations and cashflow of the Group. The directors ensure that the financial statements for FY2015 were prepared in accordance with the statutory requirements and the applicable accounting standards, and have been prepared on a going concern basis.

INTERNAL CONTROLS

The Board reviews the internal control system of the Company annually and will take any necessary and appropriate action to maintain an adequate internal control system to safeguard shareholders' investments and the Company's assets. Such review will cover all material controls, including financial, operational and compliance controls and risk management functions. The effectiveness of the internal control system of the Group will be discussed on an annual basis with the Audit Committee.

A non-executive director advises on internal control and reports directly to the Audit Committee. The Audit Committee, on an annual basis, will assess the effectiveness of the internal audit department by examining the scope of the internal audit work and its independence of areas reviewed and the internal auditor's report.

The annual review of the Group's internal control system was not conducted during the Period. The annual review of the effectiveness of the internal control system of the Company including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget and also any non-compliances with the applicable laws and regulations, including bill-financing activities will be conducted as soon as possible when appropriate in FY2016.

COMPANY SECRETARY

All directors have access to the advice and services of the Company Secretary, Wan Ho Yin, a full time employee of the Company. Please refer to his biographical details as set out on page 8 of this annual report.

SHAREHOLDERS' RIGHTS

The Company is committed to pursue active dialogue with shareholders as well as to provide disclosure of information concerning the Group's material developments to shareholders, investors and other stakeholders.

Any shareholder entitled to attend and vote at a general meeting of the Company is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. Shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

To safeguard shareholder interests and rights, a separate resolution would be proposed for each substantially separate issue at shareholder meetings, including the election of individual directors.

All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholder meeting.

As regards proposing a person for election as a director, the procedures are available on the website of the Company.

AUDITOR'S REMUNERATION

For the year ended 31 March 2015, the remuneration paid/payable to the Company's auditor, Deloitte Touche Tohmatsu, amounted to HK$3.7 million in respect of the annual audit service and the service for acting as the reporting accountant and other services in relation to the listing of the Company.

INDEPENDENT AUDITOR

The Audit Committee reviews and monitors the independent auditor's independence, objectivity and effectiveness of the audit process. It receives each year letter from the independent auditor confirming their independence and objectivity and holds meetings with representatives of the independent auditor to consider the scope of its audit, approve its fees, and the scope and appropriateness of non-audit services, if any, to be provided by it. The Audit Committee also makes recommendations to the Board on the appointment and retention of the independent auditor.

INVESTOR RELATIONS

There was no significant amendments made to the constitutional documents of the Company during the Period.

The Group recognises the importance of timely and non-selective disclosure of information. The Company's corporate website www.manking.com.hk, which features a dedicated Investor Relations section, facilitates effective communication with shareholders, investors and other stakeholders, making corporate information and other relevant financial and non-financial information available electronically and in a timely manner. Latest information of the Company includes announcements, press releases and constitutional documents.

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationships. Comments and suggestions are welcome, and they can be addressed to the Group by mail or by email at concentric@ccl-concentric.com.

Deloitte.
德勤

TO THE SHAREHOLDERS OF
MAN KING HOLDINGS LIMITED
萬景控股有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Man King Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 22 to 59, which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2015 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
19 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Notes	**2015** **HK$'000**	2014 HK$'000
Revenue	8	**260,845**	201,030
Cost of services		**(188,064)**	(136,169)
Gross profit		**72,781**	64,861
Other income	9a	**782**	512
Other gains and losses	9b	**208**	484
Administrative expenses		**(25,111)**	(17,007)
Listing expenses		**(7,089)**	–
Finance costs	10	**(203)**	(264)
Profit before tax	11	**41,368**	48,586
Income tax expense	13	**(6,383)**	(7,876)
Profit and total comprehensive income for the year		**34,985**	40,710
Earnings per share — Basic (HK$)	15	**3,798**	4,653

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	16	**1,775**	1,951
Current assets			
Amounts due from customers for contract works	17	**39,140**	22,142
Debtors, deposits and prepayments	18	**58,402**	61,036
Tax recoverable		**–**	369
Amounts due from joint operations/other partners of joint operations	19	**10,768**	14,004
Amounts due from shareholders	20	**–**	–
Amount due from a director	20	**–**	–
Pledged bank deposits	21	**15,985**	15,167
Bank balances and cash	21	**89,386**	90,110
		213,681	202,828
Current liabilities			
Amounts due to customers for contract works	17	**29,546**	24,989
Creditors and accrued charges	22	**26,943**	40,402
Amounts due to other partners of joint operations	19	**6,973**	6,857
Amounts due to fellow subsidiaries of a joint operation partner	19	**657**	2,117
Amount due to a shareholder	20	**–**	2,942
Amount due to a director	20	**–**	5,716
Tax liabilities		**4,648**	5,113
Bank borrowings	23	**4,846**	6,607
		73,613	94,743
Net current assets		**140,068**	108,085
Net assets		**141,843**	110,036
Capital and reserves			
Share capital	24	**–**	29,400
Reserves		**141,843**	80,636
Total equity		**141,843**	110,036

The consolidated financial statements on pages 22 to 59 were approved and authorised for issue by the Board of Directors on 19 June 2015 and are signed on its behalf by:

Lo Yuen Cheong
DIRECTOR

Lo Yick Cheong
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Share capital HK$'000	Other reserve HK$'000 (note)	Retained earnings HK$'000	Total HK$'000
At 1 April 2013	29,400	–	72,686	102,086
Profit and total comprehensive income recognised for the year	–	–	40,710	40,710
Dividends paid (note 14)	–	–	(32,760)	(32,760)
At 31 March 2014	29,400	–	80,636	110,036
Profit and total comprehensive income recognised for the year	–	–	34,985	34,985
Issue of shares (note 24)	4,200	–	–	4,200
Dividends paid (note 14)	–	–	(7,378)	(7,378)
Effect of Group Reorganisation	(33,600)	33,600	–	–
At 31 March 2015	–*	33,600	108,243	141,843

* Less than HK$1,000

Note: As part of the Group Reorganisation (defined and explained in note 2) on 31 December 2014, Mr. Lo Yuen Cheong ("YC") and Ms. Tam Wai Sze, Vera ("Vera"), the Ultimate Shareholders (defined and explained in note 2) and the directors of the Company, transferred their 100% equity interest in Concentric Construction Limited ("Concentric") to Wit Plus Limited ("Wit Plus") for the 5,000 ordinary shares at par value of US$1.00 each in the share capital of Jade Vantage Holdings Limited ("Jade Vantage"). On the same date, Mr. Lo Yick Cheong ("Ronnie") and Ms. Cheung Suk Ching, Savonne ("Savonne"), the Ultimate Shareholders and the directors of the Company, transferred their 100% equity interest in Peako Engineering Co. Limited ("Peako") to Keytime Developments Limited ("Keytime") for the 5,000 ordinary shares at par value of US$1.00 each in the share capital of Jade Vantage. The difference between the par value of the shares issued by the Company of HK$100 and the share capital of Peako and Concentric of HK$33,600,000 is treated as an equity movement, and recorded in "Other reserve".

For the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**41,368**	48,586
Adjustments for:		
Depreciation of property, plant and equipment	**565**	759
Finance costs	**203**	264
Net loss on disposal/write off of property, plant and equipment	**23**	43
Unrealised net exchange gains	**(231)**	(527)
Interest income	**(583)**	(494)
Operating cash flows before movements in working capital	**41,345**	48,631
Increase in amounts due from customers for contract works	**(16,998)**	(16,151)
Increase in debtors, deposits and prepayments	**(2,390)**	(15,996)
Decrease in amounts due from joint operations/other partners of joint operations	**3,369**	1,126
Increase (decrease) in amounts due to customers for contract works	**4,557**	(6,398)
Decrease in creditors and accrued charges	**(13,459)**	(513)
Increase in amounts due to other partners of joint operations	**116**	1,934
(Decrease) increase in amounts due to fellow subsidiaries of a joint operation partner	**(1,460)**	20
Cash generated from operations	**15,080**	12,653
Income tax paid	**(7,218)**	(5,829)
Income tax refunded	**739**	510
NET CASH FROM OPERATING ACTIVITIES	**8,601**	7,334
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(412)**	(332)
Proceeds from disposal of property, plant and equipment	**–**	3
Advances to related parties	**(69,500)**	(154,800)
Repayments from related parties	**71,024**	144,700
Advances to a director	**–**	(66,120)
Repayments from a director	**–**	55,215
Advances to shareholders	**–**	(2,697)
Repayments from shareholders	**–**	3,542
Advances to other partners of joint operations	**(6,547)**	(298)
Repayments from other partners of joint operations	**6,414**	4,857
Placement of pledged bank deposits	**(10,935)**	(5,493)
Withdrawal of pledged bank deposits	**10,117**	–
Interest income	**583**	494
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**744**	(20,929)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
FINANCING ACTIVITIES		
Interest paid	**(203)**	(264)
Issue of share capital	**4,200**	–
Repayment of bank borrowings	**(1,761)**	(1,702)
Repayments to joint operations	**–**	(11,503)
Advance from a director	**20,009**	4,408
Repayment to a director	**(25,725)**	–
Advance from a shareholder	**1,595**	107
Repayment to a shareholder	**(1,037)**	–
Repayments to other partners of joint operations	**–**	(10)
Dividends paid	**(7,378)**	–
NET CASH USED IN FINANCING ACTIVITIES	**(10,300)**	(8,964)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(955)**	(22,559)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**90,110**	112,142
Effect of foreign exchange rate changes	**231**	527
CASH AND CASH EQUIVALENTS AT END OF THE YEAR represented by bank balances and cash	**89,386**	90,110

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 12 November 2014. Its registered office is located at PO Box 309, Ugland Home, Grand Cayman, KY1-1104, the Cayman Islands. The address of its principal place of business is located at Unit D, 10/F., Skyline Tower, 18 Tong Mi Road, Mongkok, Hong Kong.

The Company is an investment holding company. The principal activities of the Company's subsidiaries are set out in note 31.

The consolidated financial statements are presented in Hong Kong Dollar ("HK$"), which is the same as the functional currency of the Company and its subsidiaries.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the group reorganisation as described below, the Company became the holding company of the Group on 31 December 2014 (the "Group Reorganisation").

Prior to the Group Reorganisation, Ronnie and his wife, Savonne were the registered shareholders of Peako while YC and his wife, Vera were the registered shareholders of Concentric. Ronnie and YC are brothers and have reached a consensus, from the commencement of the business operations of Peako and Concentric, to co-own the family engineering business with YC playing key management role for the said business's civil engineering operations, while Ronnie was mainly responsible for other consultancy services (the "Lo's Family Business"). YC and Ronnie had agreed among themselves that their contribution to the Lo's Family Business, whether financial contribution or contribution to the management of the business, shall be made by each of them depending upon the relevant individual's availability of financial resources, and relevant technical expertise. Relevant contributions made by each of them, accordingly, depended upon the situation, and were in the interest of the Lo's Family Business.

For the purpose of the listing of the Company on the Main Board of the Hong Kong Stock Exchange, Peako and Concentric underwent the following re-organisation steps: (1) the incorporation of Jade Vantage, acting as the holding company of the Company, with Ronnie, YC and their wives (the "Ultimate Shareholders") as shareholders; (2) the incorporation of the Company, Keytime and Wit Plus as wholly owned subsidiaries of Jade Vantage; and (3) transfer of the issued shares in Peako and Concentric from the respective registered shareholders to Keytime and Wit Plus, respectively. The Group resulting from the Group Reorganisation is regarded as a continuing entity of the Lo's Family Business. Accordingly, the consolidated statement of financial position as at 31 March 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity of the Group for the years ended 31 March 2015 and 2014 have been prepared using the financial information of the companies now comprising the Group for the both years as if the current group structure had been in existence throughout both years on a merger basis as described in the significant accounting policies set out in note 4.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

The Group has consistently adopted all new and revised Hong Kong Financial Reporting Standards ("HKFRSs") which are effective for annual accounting periods beginning on 1 April 2014 throughout the years ended 31 March 2015 and 2014.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
HKAS 1	Disclosure Initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[5]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 July 2014
5 Effective for annual periods beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

Except as described below, the management of the Group anticipates that the application of the other new and revised HKFRSs will have no material impact on the Group's financial performance and positions and/or on the disclosures to the Group's consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKFRS 15 Revenue from Contracts with Customers *(Continued)*

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The management of the Group anticipates that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at initial recognition as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of combinations

The consolidated financial statements incorporate the financial statements of the entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of combinations *(Continued)*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains controls until the date when the Group ceases to control the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Group's policy for recognition of revenue from construction contracts is described in the accounting policy on construction contracts below.

Consultancy fee income is recognised when the relevant services are rendered.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the construction works performed, which are certified by an independent professional architect, relative to the estimated total contract sum, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract works. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract works. Amounts received before the related work is performed are included in the consolidated statements of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under debtors, deposits and prepayments.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits costs

Payments to the Mandatory Provident Fund ("MPF") Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint operations, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income as directly in equity, respectively.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including debtors and deposits, amount due from a director, amounts due from joint operations/other partners of joint operations, amounts due from shareholders, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities

Financial liabilities (including creditors and accrued charges, amounts due to director/shareholder, amounts due to other partners of joint operations, amounts due to fellow subsidiaries of a joint operation partner and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment on tangible assets *(Continued)*

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgment in applying accounting policies

The following is the critical judgment, apart from those involving estimations (which is dealt with separately below), that management of the Group has made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the consolidated financial statements.

Joint arrangements

The management of the Group performed an assessment of whether the Group has joint control over the Group's joint arrangements. Pursuant to the respective contractual agreements regarding each of these joint arrangements, all major decisions and the decisions regarding the relevant activities of these joint arrangements require the unanimous consent of all parties to the arrangement. Accordingly, the management of the Group concluded that the Group has joint control over the joint arrangements.

The management of the Group also assessed whether these joint arrangements are joint operations or joint ventures under HKFRS 11. After considering the rights and obligations of parties to the joint arrangements with reference to the structure, the legal form of the arrangements, the contractual terms agreed by the parties in the arrangements, and the relevant facts and circumstances, the management of the Group concluded that all of the Group's joint arrangements should be classified as joint operations under HKFRS 11 as the relevant joint arrangements specify that the parties to the joint arrangements have rights to the assets and obligations to the liabilities relating to the joint arrangements.

Key sources of estimates uncertainties

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Construction contracts in respect of civil engineering work

The Group recognises contract revenue and profit of a construction contract according to the management's estimation of the total outcome of the project as well as the percentage of completion of construction works. Estimated construction revenue is determined in accordance with the terms out in the relevant contract. Construction costs which mainly comprise subcontracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the experience of the management. Variations in contract work and claims are included in revenue to the extent that the amount has been certified by the architect and its receipt is considered probable based on the experience of the management. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimates uncertainties *(Continued)*

Estimated impairment of trade and retention receivables and amounts due from joint operations

Management estimates the recoverability of trade and retention receivables and amounts due from joint operations based on objective evidence. When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate compounded at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 March 2015, the carrying amounts of trade and retention receivables of the Group were approximately HK$47,088,000 (2014: HK$39,475,000), while the carrying amounts of amounts due from joint operations of the Group were approximately HK$10,336,000 (2014: HK$13,705,000).

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders and maintaining an adequate capital structure. The Group's overall strategy remained unchanged throughout both years.

The capital structure of the Group consists of cash and cash equivalents, net of bank borrowings disclosed in note 23 and equity, comprising fully paid share capital and reserves.

The management of the Group regularly reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends and new shares issues as well as the issue of new debt and redemption of existing debt.

7. FINANCIAL INSTRUMENTS

7a. Categories of financial instruments

	2015 **HK$'000**	2014 HK$'000
Financial assets		
Loans and receivables (including bank balances and cash)	**165,634**	173,503
Financial liabilities		
Amortised cost	**39,419**	64,641

7b. Financial risk management objectives and policies

The Group's major financial instruments include amount due to a director, amounts due to shareholders, amounts due from (to) joint operations/other partners of joint operations, amounts due to fellow subsidiaries of a joint operation partner, debtors and deposits, pledged bank deposits, bank balances and cash, creditors and accrued charges and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The group entities have foreign currency denominated monetary assets which expose the Group to foreign currency risk. The management of the Group believes the Group does not have significant foreign exchange exposures and will consider the use of foreign exchange forward contracts to reduce the currency exposures in case the foreign exchange exposures become significant.

7. FINANCIAL INSTRUMENTS *(Continued)*

7b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Currency risk (Continued)

The carrying amounts of the foreign currency denominated monetary assets at the end of the reporting period are as follows:

	Assets	
	2015	2014
	HK$'000	HK$'000
United States Dollar (''USD'')	**131**	108
Renminbi (''RMB'')	**31,012**	20,866

Sensitivity analysis

The Group is mainly exposed to the fluctuation of RMB. The management of the Group considers that the Group does not have significant foreign currency exposure in relation to monetary items that are denominated in USD as HK$ is pegged to USD. The following table details the Group's sensitivity to a 1% increase and decrease in the group entity's respective functional currency, HK$, against RMB. 1% sensitivity rate is used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A negative number below indicates a decrease in profit for the year where HK$ strengthen against RMB. For a 1% weakening of HK$ against RMB, there would be an equal and opposite impact on the profit for the year, and the balances shown as negative below would be positive.

	RMB Impact	
	2015	2014
	HK$'000	HK$'000
Decrease in profit	**(310)**	(209)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the years.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to bank balances, variable-rate pledged deposits and bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and pledged deposits and the Best Lending Rate arising from the bank borrowings.

The Group's exposure to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

The management of the Group considers that the overall interest rate risk is not significant as the fluctuation of the interest rates on bank balances pledged deposits and the Best Lending Rate is minimal. Accordingly, no sensitivity analysis is prepared and presented.

7. FINANCIAL INSTRUMENTS *(Continued)*

7b. Financial risk management objectives and policies *(Continued)*

Credit risk

At the end of respective reporting periods, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liability in relation to a financial guarantee issued by the Group as disclosed in note 28.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. To mitigate the risk arising from a guarantee provided to a bank in respect of a performance bond, the management of the Group continually monitored and assessed the financial position of the joint operation and such guarantee was released in January 2015. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The Group is exposed to concentration of credit risk as at 31 March 2015 and 2014 on trade and retention receivables from the Group's major customers amounting to HK$45,255,000 (2014: HK$27,475,000) and accounted for 96% (2014: 70%) of the Group's total trade and retention receivables. The major customers of the Group are the HKSAR Government and certain reputable organisations. The management of the Group considers that the credit risk is limited in this regard.

Other than concentration of credit risk on trade and retention receivables and liquid funds, the Group has concentration of credit risk on amounts due from other partners of joint operations. As at 31 March 2015, amounts due from joint operations amounted to HK$10,336,000 (2014: HK$13,705,000) and amounts due from other partners of joint operations of HK$432,000 (2014: HK$299,000). The management of the Group considers that there are no significant credibility problems of the counterparties as they have good historical repayment patterns.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of bank borrowings, as appropriate.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayable on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

7. FINANCIAL INSTRUMENTS *(Continued)*

7b. Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity table

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 March 2015						
Creditors and accrued charges	–	**18,353**	**675**	**7,915**	**26,943**	**26,943**
Amounts due to other partners of joint operations	–	**1,597**	**686**	**4,690**	**6,973**	**6,973**
Amounts due to fellow subsidiaries of a joint operation partner	–	**657**	–	–	**657**	**657**
Bank borrowings — variable rate	**3.5**	**4,846**	–	–	**4,846**	**4,846**
		25,453	**1,361**	**12,605**	**39,419**	**39,419**
At 31 March 2014						
Creditors and accrued charges	–	34,375	1,023	5,004	40,402	40,402
Amounts due to other partners of joint operations	–	2,711	–	4,146	6,857	6,857
Amounts due to fellow subsidiaries of a joint operation partner	–	2,117	–	–	2,117	2,117
Amount due to a shareholder	–	2,942	–	–	2,942	2,942
Amounts due to directors	–	5,716	–	–	5,716	5,716
Bank borrowings — variable rate	3.5	6,607	–	–	6,607	6,607
Financial guarantee contract	–	8,700	–	–	8,700	–
		63,168	1,023	9,150	73,341	64,641

The amounts included above for a financial guarantee contract is the maximum amount the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at 31 March 2014, the management of the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the counterparty which is guaranteed suffers losses. The financial guarantee contract was released during the year ended 31 March 2015.

7. FINANCIAL INSTRUMENTS *(Continued)*

7b. Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Bank borrowings with a repayment on demand clause are included in the "repayable on demand or less than 3 months" time band in the above maturity analysis. As at 31 March 2015, the aggregate carrying amounts of these bank borrowings amounted to HK$4,846,000 (2014: HK$6,607,000). Taking into account the Group's financial position, the management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of the Group believes that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. Aggregate principal and interest cash outflows (estimated based on the interest rate at the end of the reporting period) are set out below:

	Weighted average effective interest rate	Repayable on demand or less than 3 months	3 months to 1 year	1–2 years	3–5 years	Total undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2015							
Bank borrowings							
— variable rates	**3.5**	**491**	**1,474**	**1,965**	**1,146**	**5,076**	**4,846**
At 31 March 2014							
Bank borrowings							
— variable rates	3.5	491	1,474	1,965	3,110	7,040	6,607

7c. Fair value measurements of financial instruments

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

8. REVENUE AND SEGMENT INFORMATION

The Group's revenue represents the amount received and receivable for revenue arising on civil engineering works and consultancy fee income.

	2015	2014
	HK$'000	HK$'000
Civil engineering works	**260,825**	200,990
Consultancy fee income	**20**	40
	260,845	201,030

Information reported to the management of the Group, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance is based on a project by project basis. Each individual project constitutes an operating segment. For operating segments that have similar economic characteristics, are produced using similar production process, distributed and sold to similar classes of customers and under similar regulatory environment, their segment information is aggregated into civil engineering works as single reportable segment. The management of the Group assesses the performance of the reportable segment based on the revenue and gross profit for the year of the Group as presented in the consolidated statements of profit or loss and other comprehensive income. The accounting policies of the reportable segment are the same as the Group's accounting policies described in note 4. No analysis of the Group's assets and liabilities is regularly provided to the management of Group for review.

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

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

Information about major customers

Revenue from customers in respect of civil engineering works contributing over 10% of the total revenue of the Group is as follows:

	2015	2014
	HK$'000	HK$'000
Customer 1	**76,803**	65,724
Customer 2	**Note a**	20,711
Customer 3	**80,131**	28,121
Customer 4	**28,909**	26,231
Customer 5	**31,686**	Note a

Note a: The corresponding revenue did not contribute over 10% of total revenue of the Group in their respective year.

No other revenue from transaction with a single external customer amounted to 10% or more of the Group's revenue during both years.

9A. OTHER INCOME

	2015	2014
	HK$'000	HK$'000
Bank interest income	**583**	494
Others	**199**	18
	782	512

9B. OTHER GAINS AND LOSSES

	2015	2014
	HK$'000	HK$'000
Net loss on disposal/write off of property, plant and equipment	**(23)**	(43)
Unrealised net exchange gains	**231**	527
	208	484

10. FINANCE COSTS

The financial costs represent interest on bank borrowings wholly repayable within five years.

11. PROFIT BEFORE TAX

	2015 HK$'000	2014 HK$'000
Profit before tax has been arrived at after charging:		
Directors' emoluments (note 12)	**4,368**	1,096
Salaries and other allowances	**50,317**	47,095
Retirement benefit scheme contributions, excluding those of directors	**1,782**	1,398
Total staff costs	**56,467**	49,589
Less: amounts included in cost of services	**(44,716)**	(42,918)
	11,751	6,671
Auditors' remuneration	**524**	99
Depreciation of property, plant and equipment	**565**	759
Less: amounts included in cost of services	**(72)**	(292)
	493	467
Operating lease rentals in respect of land and buildings	**1,248**	785

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors

The emoluments of the directors of Company are as follows:

	2015 HK$'000	2014 HK$'000
Fee	**–**	–
Salaries and other allowances	**2,706**	580
Discretionary bonus	**1,635**	500
Retirement benefit scheme contributions	**27**	16
	4,368	1,096

Note: The discretionary bonus is determined with consideration of the progress and performance of construction contract works for the years of the entities.

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

Directors *(Continued)*

	2015			2014		
	Salaries and other allowance HK$'000	**Discretionary bonus HK$'000**	**Retirement benefit scheme contributions HK$'000**	Salaries and other allowance HK$'000	Discretionary bonus HK$'000	Retirement benefit scheme contributions HK$'000
Executive directors:						
YC	**1,961**	**1,250**	**17**	580	500	16
Ronnie	**625**	**285**	**5**	–	–	–
	2,586	**1,535**	**22**	580	500	16
Non-executive director:						
Chan Wai Ying	**120**	**100**	**5**	–	–	–
	2,706	**1,635**	**27**	580	500	16

YC is the chief executive of the Company, his emoluments disclosed above include those services rendered by him to the entities comprising the Group during the year. No director has waived or agreed to waive any emoluments during the year ended 31 March 2015 (2014: nil).

Employees

The five highest paid individuals of the Group included one director for the year ended 31 March 2014 and two directors for the year ended 31 March 2015, details of their emoluments are set out above. The emoluments of the remaining four individuals for the year ended 31 March 2014, and the remaining three individuals for the year ended 31 March 2015, are as follows:

	2015 HK$'000	2014 HK$'000
Salaries and other allowances	**2,848**	3,568
Discretionary bonus	**1,040**	884
Retirement benefit scheme contributions	**21**	37
	3,909	4,489

The emoluments of the highest paid individuals fell within the following rank:

	2015 HK$'000	2014 HK$'000
HK$ Nil–HK$1,000,000	**–**	1
HK$1,000,001–HK$1,500,000	**3**	3
	3	4

13. INCOME TAX EXPENSE

	2015 HK$'000	2014 HK$'000
Income tax		
Current year	**7,743**	7,876
Overprovision in prior years	**(1,360)**	–
	6,383	7,876

The Group is subject to Hong Kong Income Tax at a rate of 16.5% for the year.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015 HK$'000	2014 HK$'000
Profit before tax	**41,368**	48,586
Tax charge at Hong Kong Profits Tax Rate of 16.5%	**6,826**	8,017
Tax effect of expenses not deductible for tax purpose	**1,551**	9
Tax effect of income not taxable for tax purpose	**(605)**	(325)
Tax effect of tax losses not recognised	**9**	147
Utilisation of tax losses previously not recognised	**(7)**	–
Overprovision in prior years	**(1,360)**	–
Others	**(31)**	28
Tax charge for the year	**6,383**	7,876

No provision for deferred taxation has been recognised as there is no significant taxable temporary difference for the year and at the end of each of the reporting period. In addition, the Group has unutilised tax losses of HK$1,006,000 (2014: HK$996,000) as at 31 March 2015 available for offset against future profits and have no expiry date. No deferred tax asset has been recognised due to the unpredictability of future profit streams in the respective entities.

14. DIVIDENDS

No dividend has been declared or paid by the Company since its date of incorporation. However, during the year, Peako and Concentric made the following distributions to their shareholders:

	2015 HK$'000	2014 HK$'000
Dividends declared and paid/payable to shareholders by:		
— Peako	**4,418**	20,160
— Concentric	**2,960**	12,600
	7,378	32,760

The rate of dividends and the number of shares ranking for the above dividends are not presented as such information is not meaningful having regard to the purpose of these consolidated financial statements.

15. EARNINGS PER SHARE

The calculations of the basic earnings per share for the year are based on the profit for the year of HK$34,985,000 (2014: HK$40,710,000) and the weighted average number of ordinary shares of 9,212 (2014: 8,750) on the assumption that the Group Reorganisation is deemed to have become effective throughout both years.

No dilutive earnings per share is presented because there were no potential ordinary shares in issue during both years.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Total HK$'000
COST						
As at 1 April 2013	892	452	2,527	4,005	2,002	9,878
Additions	–	–	–	250	82	332
Written off	–	–	–	(501)	–	(501)
Disposals	–	–	–	(27)	–	(27)
As at 31 March 2014	892	452	2,527	3,727	2,084	9,682
Additions	–	–	–	341	71	412
Written off	–	(222)	(1,142)	(601)	(1,317)	(3,282)
As at 31 March 2015	892	230	1,385	3,467	838	6,812
DEPRECIATION						
As at 1 April 2013	67	447	2,424	2,779	1,737	7,454
Provided for the year	22	3	82	456	196	759
Written off	–	–	–	(455)	–	(455)
Eliminated on disposals	–	–	–	(27)	–	(27)
As at 31 March 2014	89	450	2,506	2,753	1,933	7,731
Provided for the year	22	2	21	431	89	565
Written off	–	(222)	(1,142)	(601)	(1,294)	(3,259)
As at 31 March 2015	111	230	1,385	2,583	728	5,037
CARRYING VALUE						
As at 31 March 2015	781	–	–	884	110	1,775
As at 31 March 2014	803	2	21	974	151	1,951

The Group's building is situated on land in Hong Kong under a 40-year lease term. The leasehold land is included in property, plant and equipment as the allocation between the land and building elements cannot be made reliably.

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their residual value, as follows:

Leasehold land and building	40 years or over the lease term, whichever is shorter
Leasehold improvements	5 years or over the lease term, whichever is shorter
Plant and machinery	5 years
Motor vehicles	5 years
Office equipment	5 years

17. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORKS

	2015 **HK$'000**	2014 HK$'000
Contracts in progress at the end of the reporting periods:		
Contract costs incurred plus recognised profits less recognised losses	**1,120,809**	864,271
Less: progress billings	**(1,111,215)**	(867,118)
	9,594	(2,847)
Analysed for reporting purposes as:		
Amounts due from customers for contract works	**39,140**	22,142
Amounts due to customers for contract works	**(29,546)**	(24,989)
	9,594	(2,847)

As 31 March 2015, retention held by customers for contract works amounted to HK$18,287,000 (2014: HK$12,720,000) as disclosed in note 18. No advances were received from customers at 31 March 2015 and 2014.

18. DEBTORS, DEPOSITS AND PREPAYMENTS

	2015 HK$'000	2014 HK$'000
Trade receivables		
Due from third parties	**28,801**	25,858
Due from a related party — Concordia Engineering Limited (note a)	**–**	897
	28,801	26,755
Retention receivables		
Due from third parties	**18,287**	12,717
Due from a related party — Concordia	**–**	3
	18,287	12,720
	47,088	39,475
Other debtors, deposits and prepayments		
Due from third parties		
— Deposits and prepaid expenses (note b)	**10,556**	11,426
— Advances to sub-contractors	**–**	4,907
— Others	**758**	204
	11,314	16,537
Due from a related parties		
— Step Technology Limited (note c)	**–**	4,351
— C&P (Holdings) Hong Kong Limited (note d)	**–**	673
	–	5,024
	11,314	21,561
	58,402	61,036

Notes:

(a) Concordia Engineering Limited (''Concordia'') was a related company in which Loh Sau Ling had beneficial interests and joint control with a third party. Loh Sau Ling is a sibling of Ronnie and YC and had been a director of Peako since April 2006 and resigned on 17 February 2012. In November 2014, the shares of Concordia held by Loh Sau Ling were transferred to a third party, thereafter Concordia was not a related party of the Group.

(b) As at 31 March 2015 and 2014, included in deposits and prepaid expense is a deposit of HK$2,440,000 which has been placed and pledged to an insurance institution to secure a performance bond issued by the institution to a customer of the Group (see note 28).

(c) Step Technology Limited is a related company in which Loh Sau Ling is the sole shareholder and director. The amounts were non-trade in nature, unsecured, interest-free and repayable on demand. The amount was fully settled during the year ended 31 March 2015. The maximum amounts outstanding during the years ended 31 March 2015 and 2014 were HK$4,351,000 and HK$4,351,000, respectively.

(d) C&P (Holdings) Hong Kong Limited is a related company in which Loh Sau Ling and a shareholder of the Company collectively own its entire interest. The amounts were non-trade in nature, unsecured, interest-free and repayable on demand. The amount was fully settled during the year ended 31 March 2015. The maximum amounts outstanding was HK$11,673,000 for the years ended 31 March 2015 and 2014.

18. DEBTORS, DEPOSITS AND PREPAYMENTS *(Continued)*

The Group allows credit period up to 60 days to certain customers. The aged analysis of the Group's trade receivables based on certification/invoice dates at the end of each reporting period are as follows:

	2015 HK$'000	2014 HK$'000
Trade receivables:		
0–30 days	**24,699**	18,593
31–60 days	**3,781**	6,769
Over 90 days	**321**	1,393
	28,801	26,755

	2015 HK$'000	2014 HK$'000
Retention receivables:		
Due within one year	**1,757**	1,131
Due after one year	**16,530**	11,589
	18,287	12,720

Included in the Group's trade receivables are debtors with a carrying amount of HK$321,000 (2014: HK$1,393,000) at 31 March 2015 which are past due but not impaired as at the end of respective reporting periods. As there has not been a significant change in credit quality, the amounts are still considered recoverable.

	2015 HK$'000	2014 HK$'000
Overdue:		
31–60 days	**–**	1,393
61–90 days	**321**	–
	321	1,393

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. The majority of the Group's trade receivables that are past due but not impaired have good credit quality with reference to respective settlement history. The Group does not hold any collateral over these balances.

In determining the recoverability of trade and retention receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. No allowance for doubtful debts is required during the year.

19. AMOUNTS DUE FROM (TO) JOINT OPERATIONS/OTHER PARTNERS OF JOINT OPERATIONS AND AMOUNTS DUE TO FELLOW SUBSIDIARIES OF A JOINT OPERATION PARTNER

(i) The amounts due from joint operations/other partners of joint operations comprise:

	2015 HK$'000	2014 HK$'000
Amount due from joint operations (note)	**10,336**	13,705
Amount due from other partners of joint operations	**432**	299
	10,768	14,004

Note: Amounts represent the portion shared by other partners of joint operations according to the respective joint arrangement agreements.

The Group allows a credit period of up to 60 days to its joint operations. The aged analysis of the Group's trade-related amounts due from joint operations based on certification/invoice dates at the end of each reporting period are as follows:

	2015 HK$'000	2014 HK$'000
Amounts due from joint operations:		
0–30 days	**962**	3,253
31–60 days	**726**	2,071
	1,688	5,324
Retention receivables:		
Due after one year	**8,648**	8,381
	10,336	13,705

The amounts due from other partners of joint operations of HK$432,000 and HK$299,000 as at 31 March 2015 and 2014, respectively, are non trade-related, unsecured, interest-free and repayable on demand within 12 months.

(ii) Amounts due to other partners of joint operations include trade-related amounts due to other partners of joint operations amounting to HK$6,973,000 and HK$6,857,000 as at 31 March 2015 and 2014, respectively.

Ageing analysis of the Group's trade-related amounts due to other partners of joint operations based on certification/invoice dates at the end of each reporting period is as follows:

	2015 HK$'000	2014 HK$'000
0–30 days	**1,173**	1,682
31–60 days	**–**	1,029
Over 90 days	**424**	–
	1,597	2,711
Retention payables — due within one year	**686**	–
Retention payables — due after one year	**4,690**	4,146
	6,973	6,857

19. AMOUNTS DUE FROM (TO) JOINT OPERATIONS/OTHER PARTNERS OF JOINT OPERATIONS AND AMOUNTS DUE TO FELLOW SUBSIDIARIES OF A JOINT OPERATION PARTNER *(Continued)*

(iii) Amounts due to fellow subsidiaries of a joint operation partner are trade-related, unsecured, interest-free and repayable on demand.

Ageing analysis of the Group's trade-related amounts due to fellow subsidiaries of a joint operation partner based on certification/invoice dates at the end of each reporting period is as follows:

	2015	2014
	HK$'000	HK$'000
61–90 days	**–**	7
Over 90 days	**657**	2,110
	657	2,117

20. AMOUNTS DUE FROM (TO) DIRECTORS AND AMOUNTS DUE FROM (TO) SHAREHOLDERS

Directors/shareholders	**Terms of loan**	**2015**	2014	**Maximum amount outstanding during 2015**	**Maximum amount outstanding during** 2014
		HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts due from shareholders					
Savonne	Unsecured, interest-free and repayable within one year	**–**	–	**665**	17,123
Vera	Unsecured, interest-free and repayable within one year	**–**	–	**1,077**	3,745
		–	–		
Amount due from a director					
YC	Unsecured, interest-free and repayable within one year	**–**	–	**–**	16,231
Amount due to a shareholder					
Savonne	Unsecured, interest-free and repayable within one year	**–**	2,942		
Amount due to a director					
YC	Unsecured, interest-free and repayable within one year	**–**	5,716		

21. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

The pledged bank deposits of the Group are pledged to banks for securing the performance bonds issued by the banks to the Group's customers on behalf of the Group as a guarantee (see note 28). The bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The pledged bank deposits/bank balances carry interest at market rates which are as follows:

	2015	2014
Range of interest rate per annum:		
Pledged bank deposits	**2.3%–3.2%**	2.4%–2.9%
Bank balances and cash	**0.01%**	0.01%

22. CREDITORS AND ACCRUED CHARGES

	2015 HK$'000	2014 HK$'000
Trade payables		
Due to third parties	**16,161**	20,725
Due to a related party — Concordia	**–**	2,753
	16,161	23,478
Retention payables	**8,590**	6,027
Other payables and accruals		
Accrued wages	**1,753**	3,027
Accrued operating expenses	**268**	669
Accrued subcontractors fees	**–**	1,809
Other payables (note)	**171**	5,392
	2,192	10,897
	26,943	40,402

Note: Included in other payables is an amount of HK$2,949,000 as at 31 March 2014 in respect of a litigation claim against a subsidiary of the Company.

During the year ended 31 March 2013, a litigation claim was lodged by a steel supplier of a subsidiary of the Company alleging that its contract for supplying steel to the subsidiary had been breached. As a response to the claim, the subsidiary placed a deposit of HK$1,500,000 to the High Court of HKSAR in that year and the amount was included in deposits and prepaid expenses as at 31 March 2014.

During the year ended 31 March 2015, the case was concluded and a final compensation of HK$2,949,000 was awarded to the supplier by the High Court.

The credit period on trade purchases is 30 to 60 days.

22. CREDITORS AND ACCRUED CHARGES *(Continued)*

Ageing analysis of the Group's trade payables based on invoice dates at the end of each reporting period is as follows:

	2015 HK$'000	2014 HK$'000
Trade payables:		
0–30 days	**7,982**	11,113
31–60 days	**6,891**	8,762
61–90 days	**147**	862
Over 90 days	**1,141**	2,741
	16,161	23,478

	2015 HK$'000	2014 HK$'000
Retention payables:		
Due within one year	**675**	1,023
Due after one year	**7,915**	5,004
	8,590	6,027

23. BANK BORROWINGS

The variable-rate bank borrowings and bank overdrafts are repayable as follows:

	2015 HK$'000	2014 HK$'000
Carrying amount of bank loans that contain the repayable on demand clause and analysed based on scheduled repayment dates:		
— Within one year	**1,824**	1,761
— In the second year	**1,889**	1,824
— In the third to fifth years inclusive	**1,133**	3,022
	4,846	6,607
Less: On demand or amount due within one year shown under current liabilities	**(4,846)**	(6,607)
Amount shown under non-current liabilities	**–**	–

The variable-rate bank borrowings were secured by a personal guarantee of HK$9,000,000 from YC and his wife and carry interest at the 1.5% per annum below the Best Lending Rate offered by the bank.

The effective interest rates (which are also equal to contracted interest rates) of the Group's borrowings are as follow:

	2015	2014
Variable-rate borrowings per annum	**3.5%**	3.5%

24. SHARE CAPITAL

For the purpose of preparation of the consolidated statement of financial position, the balances of share capital at 31 March 2014 represented the amount of share capital of Peako and Concentric. On 17 November 2014, 2,000,000 ordinary shares of Peako of HK$1 each and 2,200,000 ordinary shares of Concentric of HK$1 each were allotted and issued to the then shareholders of Peako and Concentric for cash, resulting in fully paid share capital of HK$18,800,000 for Peako and HK$14,800,000 for Concentric.

Details of the movement of the share capital of the Company are as follows:

	Number of shares	**Amount** HK$
Ordinary shares of HK$0.01 each		
Authorised:		
At 12 November 2014 (date of incorporation) and 31 March 2015	200,000,000,000	2,000,000,000
Issued and fully paid:		
Issue of new share at date of incorporation	1	–
Issue of shares on 13 November 2014	9,999	100
At 31 March 2015	10,000	100

The Company was incorporated on 12 November 2014 with limited liability in the Cayman Islands with an authorised share capital of HK$2,000,000,000 divided into 200,000,000,000 ordinary shares with a par value of HK$0.01 per share. 1 share was allotted and issued to the subscriber, which was transferred to Jade Vantage on 12 November 2014. 9,999 ordinary shares were allotted and issued to Jade Vantage on 13 November 2014 at par.

Wit Plus was incorporated on 6 October 2014 with limited liability in the BVI. On 30 December 2014, the authorised share capital of Wit Plus was US$50,000, divided into 50,000 ordinary shares of par value of US$1 each, of which 1 share was allotted and issued to the Company as the initial subscriber.

Keytime was incorporated on 16 October 2014 with limited liability in the BVI. On 30 December 2014, the authorised share capital of Keytime was US$50,000, divided into 50,000 ordinary shares of par value of US$1 each, of which 1 share was allotted and issued to the Company as the initial subscriber.

On 31 December 2014, the Company through Wit Plus acquired 7,400,000 shares and 7,400,000 shares at HK$1 each in the share capital of Concentric from Mr. YC Lo and Ms. Vera Lo, representing 50% and 50% of the issued share capital of Concentric, by the allotment and issue of 2,500 shares of US$1 each and 2,500 shares of US$1 each of Jade Vantage, respectively.

On the same date, the Company through Keytime acquired 3,760,000 shares and 15,040,000 shares at HK$1 each in the share capital of Peako from Mr. Ronnie Lo and Ms. Savonne Lo, representing 20% and 80% of the issued share capital of Peako, by the allotment and issue of 1,000 shares of US$1 each and 4,000 shares of US$1 each of Jade Vantage, respectively.

25. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of respective reporting periods, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**930**	792
In the second to fifth year inclusive	**113**	439
	1,043	1,231

The leases are generally negotiated for a lease term of 2 years at fixed rentals.

26. RETIREMENT BENEFIT PLANS

The Group operates a MPF Scheme for its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of 5% of relevant payroll costs monthly to the MPF Scheme, subject to a maximum amount of HK$1,250 from 1 June 2012 to 31 May 2014 and HK$1,500 from 1 June 2014 per month for each employee, which contribution is matched by employees. The total contribution to MPF Schemes amounted to HK$1,809,000 and HK$1,414,000 for the years ended 31 March 2015 and 2014, respectively.

27. RELATED PARTY DISCLOSURES

(i) Transactions

The Group had the following transactions with related parties during the year:

Name of related parties	**Nature of transaction**	**2015 HK$'000**	2014 HK$'000
Concordia	Administrative charges (note a)	**(162)**	(258)
	Subcontracting fees (note b)	**–**	(234)
C&P (Holdings) Hong Kong Limited	Rental expense (note c)	**(65)**	–

Notes:

(a) Administrative charges represent expenses paid/payable by a subsidiary of the Company for certain administrative functions provided by Concordia for a construction project of the Group.

(b) Subcontracting fees represent expenses paid/payable by the Group for subcontracting works provided by Concordia for certain construction projects of the Group.

(c) The Group occupied the premises which are owned by C&P (Holdings) Hong Kong Limited as office free of charge of rental for the year ended 31 March 2014. In November 2014, the Group entered into a written tenancy agreement for a term of two years at a monthly rent of HK$13,000.

(ii) Balances and other transactions

Details of balances and other transactions with related parties are set out in notes 18, 19 and 20 and 22. A personal guarantee provided by YC and his wife is disclosed in note 23.

27. RELATED PARTY DISCLOSURES *(Continued)*

(iii) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management was as follows:

	2015	2014
	HK$'000	HK$'000
Short term benefits	**9,124**	5,532
Post-employment benefits	**66**	53
	9,190	5,585

28. PERFORMANCE BONDS AND CONTINGENT LIABILITY

Certain customers of construction contracts undertaken by the Group require the group entities to issue guarantees for the performance of contract works in the form of performance bonds and secured by other deposits and pledged bank deposits (see notes 18 and 21). The performance bonds are released when the construction contracts are completed or substantially completed.

At the end of each reporting period, the Group had outstanding performance bonds as follows:

	2015	2014
	HK$'000	HK$'000
Issued by the Group's banks	**15,985**	13,489
Issued by insurance institution	**2,440**	2,440
	18,425	15,929

In addition to a pledged bank deposit, the Group has also provided a guarantee for a performance bond included above of HK$8,700,000 in respect of a construction contract undertaken by a joint operation to a financial institution as at 31 March 2014. Such guarantee was released in January 2015.

The fair value of the financial guarantee contract was determined based on the present value of expected payments when default occurs, where the main assumptions are the probability of default by the specific counterparty and the expected loss, given a default. In the opinion of the management of the Group, the fair value of the financial guarantee contract of the Group is insignificant at initial recognition and the management of the Group considered that the possibility of default of the parties involved was remote. Accordingly, no value has been recognised in the consolidated statement of financial position.

29. JOINT OPERATIONS

Particulars of the Group's material joint operations at the end of each reporting period are as follows:

Name of joint operation	Place of establishment and operation	Form of business structure	Equity interest attributable to the Group 2015	2014	Principal activities
Concentric — Hong Kong River	Hong Kong	Unincorporated	**51.00%**	51.00%	Construction and civil engineering
Paul Y — Concentric	Hong Kong	Unincorporated	**49.00%**	49.00%	Construction and civil engineering
Penta Ocean — Concentric — Alchmex	Hong Kong	Unincorporated	**26.00%**	26.00%	Construction and civil engineering

30. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2014, dividends amounting to HK$20,160,000 declared by Peako and HK$12,600,000 declared by Concentric were settled via an account with a shareholder and an account with a director respectively.

During the year ended 31 March 2014, amount due from a related party and amount due from a director of HK$9,500,000 and HK$6,000,000, respectively, were settled via an account with a shareholder. In addition, an amount due from a shareholder of HK$1,876,000 was settled via an account with a director.

During the year ended 31 March 2015, amount due from a related party of HK$3,500,000 was settled via an account with a shareholder.

31. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place or incorporation/ operations	Paid up capital	Equity interest attributable to the Group 2015	2014	Principal activities
Peako	Hong Kong	Ordinary shares HK$18,800,000	**100%**	100%	Construction and civil engineering
Concentric	Hong Kong	Ordinary shares HK$14,800,000	**100%**	100%	Construction and civil engineering
Keytime	British Virgin Islands ("BVI")	Ordinary share US$ 1	**100%**	N/A	Investment holding
Wit Plus	BVI	Ordinary share US$ 1	**100%**	N/A	Investment holding

32. FINANCIAL INFORMATION OF THE COMPANY

The Company had the following assets and liabilities as at 31 March 2015.

	HK$'000
Non-current asset	
Investments in subsidiaries	–
Current asset	
Bank balances	30
Current liabilities	
Accrued charges	125
Amounts due to subsidiaries (note)	2,104
	2,229
Net current liabilities	(2,199)
Total assets less current liabilities/net liabilities	(2,199)
Capital and reserve	
Share capital	–
Accumulated loss	(2,199)
	(2,199)

Note: The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

33. SUBSEQUENT EVENTS

The following transactions took place subsequent to 31 March 2015:

On 3 June 2015, written resolutions of the sole shareholder of the Company was passed to approve the matters set out in the paragraph headed "Written resolutions of our sole shareholder passed on 3 June 2015" in Appendix IV to the prospectus dated 19 June 2015 (the "Prospectus") issued by the Company. It was resolved, among other things:

(i) conditionally adopted a share option scheme where eligible participants may be granted options entitling them to subscribe for the Company's shares. No share has been granted since the adoption of the scheme. The principal terms of the share option scheme are summarised in the section headed "Share Option Scheme" in Appendix IV to the Prospectus; and

(ii) conditional on the share premium account of the Company being credited as a result of the 100,000,000 new shares being offered for subscription, the directors of the Company were authorised to capitalise an amount of HK$2,999,900 standing to the credit of the share premium account of the Company and to appropriate such amount as capital to pay up in full at par 299,990,000 shares for allotment and issue to the persons whose names appear on the principal register of members of the Company at the close of business on 3 June 2015 in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in the Company, each ranking pari passu in all respects with the then existing issued shares, and the directors of the Company were authorised to give effect to such capitalisation and distributions.

FINANCIAL SUMMARY

RESULTS

	Year ended		
	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
Revenue	255,330	201,030	**260,845**
Operating profit	33,912	48,850	**48,660**
Listing expenses	–	–	**(7,089)**
Finance costs	(131)	(264)	**(203)**
Profit before tax	33,781	48,586	**41,368**
Income tax expense	(5,432)	(7,876)	**(6,383)**
Profit for the year	28,349	40,710	**34,985**

FINANCIAL POSITION

	At 31 March		
	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
Assets and liabilities			
Total assets	205,243	204,779	**215,456**
Total liabilities	(103,157)	(94,743)	**(73,613)**
Total equity	102,086	110,036	**141,843**