Man King Holdings Limited
萬景控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2193

2016 ANNUAL REPORT

Man King
萬景控股

CONTENTS

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

CFN Lawyers in association
with Broad & Bright
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

On behalf of the board of Directors (the "Board") of Man King Holdings Limited (the "Company"), I am pleased to report the results for the Company and its subsidiaries (collectively the "Group" or "we") for the year ended 31 March 2016, which was another year of growth, building on the trend from previous years.

STRATEGY AND PERFORMANCE

Since July 2015 when the Group was listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the domestic economy has experienced a period of deep adjustment, epitomized by the slumping real estate and retail markets and slower economic growth in general. Infrastructure improvement is still central to the Government policy as a means of stimulating economic growth and creating job opportunities. However, filibustering in the Legislative Council disrupted the orderly flow of funds from the Government, which harmed the construction industry by launching significantly lesser public contracts. Such delay resulted both of the Government and the contractors to spend additional time and effort on tendering and awaiting award of some public works which was previously evitable. Like other construction players, we faced challenges in tendering and securing public work contracts.

As affected by this dispirited filibustering, the Group's revenue decreased from approximately HK$260.8 million for the last financial year to approximately HK$183.3 million for the current financial year. We however maintained our policy to cautiously bid for projects and stirringly controlled project expenditures and maintained earnings and profitability for the Group. I am pleased to report that we performed well on the Group's gross profit margin from approximately 28% for the period FY2014/15 to approximately 43% for the period FY2015/16, despite the decrease in the Group's revenue in the last year. We maintained our belief that earning a reasonable profit margin than revenue to ensure delivery of profitability and quality works to all our clients and stakeholders.

In early 2016, the funding approval progress in the Legislative Council has been improved after the veto of political reform and we secured a new contract with total value of approximately HK$73 million after 31 March 2016 up to the date of this report. We expect the new contract will provide stable revenue and cash flow to the Group in the coming financial years. In addition to our competitiveness and continuous tendering projects in both public and private sectors in Hong Kong, we cooperated with other contractors to seek opportunity to expand our client base outside Hong Kong.

Our Group's benefitted from our financial advantage in being able to control liabilities at lower level. We have fully paid the interest bearing liabilities this year, with nil gearing ratio and current ratio of 5.3 as at 31 March 2016. We maintained sufficient bank and cash balances and we were cautious to expand our business in light of the domestic economic downturn as mentioned above. In particular, we were prudent and have slowed down our usage of proceeds from our initial public offering. Besides, we targeted to invest approximately 10% of total bank and cash balances, which was not from the proceeds from our initial public offering, for security investments so as to cover our operating expenses by way of receiving dividends. Although the fair value of securities were adversely affected by the economic downturn and recorded at fair value loss this year, we believe such investments are overall in good long term prospect with stabilised dividend policy, which will provide backup cash flow support to the Group.

During the year, we have appointed a law firm to provide legal advice and training to all directors. This ensures that we have complied with the laws and regulations with effective monitoring by the Board and followed the corporate governance standards. In particular, we have emphasized on internal control system and risk management to ensure that our businesses are operated in compliance with the statutory requirements as well as the Group's requirements.

Our strategy remains what we reported last year, which 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. We are proud of our proven quality works, zero fatality rate and low accident rate, which are far below the industry average this year.

OUR PEOPLE

As the Group's growth and success lie with its people, it is important to develop consistent and efficient working practices across our team to form a balanced and integrated workforce at all levels. We believe our values — enthusiastic, collaborative and forward thinking — enable us to work effectively in partnership with clients. I would like to sincerely thank all of our people for their dedication, professionalism and hard working during this year.

CHAIRMAN'S STATEMENT

OUTLOOK

I am pleased to announce we have delivered growth and maintained forecast profitability, despite the predicament in the construction market as a result of filibustering in Legislative Council financial approval of public works in the last financial year, during which lesser public works were launched by the Government. This undesirable situation has now been significantly improved after the veto of political reform.

Looking ahead, we continue to improve the quality of our earnings to reflect the challenging demand of the market. The prospects for the Group's construction sector are favourable in the coming few years as the Government maintains vast expenditure in public infrastructures and improvement in political filibustering in public works. To lesser the effect of local political wrangle and financial downturn in Hong Kong on our business growth and earnings, we are establishing positions on extension our construction business to other Asian countries. With the Group's financial strength and proven capabilities in the construction industry, we look forward to the future with confidence.

Lo Yuen Cheong
Chairman
17 June 2016

OVERALL RESULTS AND INDUSTRY OVERVIEW

The Group recorded revenue decrease of 29.7%, from approximately HK$260.8 million for the year ended 31 March 2015 to approximately HK$183.3 million for the year ended 31 March 2016. Major projects awarded in the past four years have reached mature stage which contributed to the growth of gross profit of 8.0%, from approximately HK$72.8 million for the year ended 31 March 2015 to approximately HK$78.6 million for the year ended 31 March 2016. Net profit decreased by approximately HK$7.8 million or 22.2%, from approximately HK$35.0 million for the year ended 31 March 2015 to approximately HK$27.2 million for the year ended 31 March 2016.

As at 31 March 2016, the Group maintained a healthy financial position with total assets of approximately HK$314.7 million. Current assets were approximately HK$307.4 million, or approximately 5.3 times the current liabilities. The equity attributable to owners of the Company increased significantly to approximately HK$256.6 million or 80.9%.

During the year ended 31 March 2016, the Group completed two projects including infrastructure works for residential development and government facilities in Kai Tak and Advance works for bus terminus and office in Tsing Yi, and secured two new contracts with total value of approximately HK$70.3 million. As at 31 March 2016, the Group had six major projects in progress, with a total estimated outstanding contract sum and work order value of approximately HK$190.3 million.

Tender works on public sector became very competitive. Filibustering in the Legislative Council disrupted the orderly flow of funds from the Government, which harmed the construction industry by launching significantly lesser contracts. Although the Government is seeking HK$67.5 billion for 72 new projects this year, just two have been approved as of March 2016.

In early 2016, the funding approval progress in the Legislative Council has been improved and we secured a new contract with total value of approximately HK$73 million after 31 March 2016 up to the date of this report. We expect the new contract will provide stable revenue and cash flow to the Group in the coming financial years. Looking forward, infrastructure improvement is still central to the Government policy, as a means of stimulating economic growth and creating job opportunities. The public expenditure on infrastructure increased from approximately HK$49 billion in 2010 to approximately HK$76.1 billion in 2015. In addition, the Government has confirmed spending over HK$140 billion for the third runway and associated infrastructure development of the Chek Lap Kok International Airport. Other developments in West Kowloon Cultural District and strategic highways connecting Tseung Kwan O to Kowloon are also in progress. All these are anticipated to drive the demand of civil engineering works.

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 2016, the Group had an aggregate of 116 full-time employees (2015: 169 full-time employees). Employee costs excluding directors' emoluments totalled approximately HK$46.5 million for the year ended 31 March 2016 (2015: HK$52.1 million). The Group recruited and promoted employees 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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Consolidated statement of profit or loss

Revenue

Revenue decreased by HK$77.5 million or 29.7% from approximately HK$260.8 million to approximately HK$183.3 million, mainly due to the combined effect of:

(i) lower revenue of approximately HK$17.5 million recognised for three civil engineering projects which were at final completion stage during the year ended 31 March 2016;

(ii) lower revenue of approximately HK$46.7 million recognised for two civil engineering projects located in Kai Tak and Tsing Yi, which were completed during the year ended 31 March 2016;

(iii) lower revenue of approximately HK$35.1 million recognised for two civil engineering projects located in Kai Tak and Cross Harbour Tunnel for the year ended 31 March 2016 as compared to the revenue of approximately HK$51.3 million recognised for the same projects which had been completed in late 2014;

(iv) lower revenue of approximately HK$8.5 million recognised for projects which were completed before 2015; and

(v) higher revenue of approximately HK$33.5 million recognised for the three new projects commenced during the year ended 31 March 2016.

Gross profit

Gross profit increased by HK$5.8 million or 8.0% from approximately HK$72.8 million for the year ended 31 March 2015 to approximately HK$78.6 million for the year ended 31 March 2016. Gross profit margin increased from approximately 27.9% to approximately 42.9%, primarily due to the higher contribution from the matured projects which contributed the additional contract sums agreed and granted to the Group.

Other income

Other income was approximately HK$2,213,000 and HK$782,000 for the years ended 31 March in 2016 and 2015 respectively. The increase was mainly due to increased bank interest income received as a result of the increase in average bank balances after listing in July 2015.

Other gains and losses

Other gains and losses decreased from a gain of approximately HK$208,000 for the year ended 31 March 2015 to a loss of approximately HK$4,151,000 for the year ended 31 March 2016, primarily due to net change in fair value of held-for-trading investments of approximately HK$2,664,000, and net exchange loss of approximately HK$1,618,000 mainly due to the re-translation of monetary assets in foreign currency.

Administrative expenses

Administrative expenses for the year ended 31 March 2016 were approximately HK$36.6 million, representing an increase of 45.8% from approximately HK$25.1 million in the last financial year. This was mainly attributable to the increase in directors' emolument from approximately HK$4.4 million to HK$9.3 million, the share-based compensation expenses as a result of the grant of share options to employees and the incentive payments to our staff who had outstanding performance during the year ended 31 March 2016, and the increase in other necessary legal and professional fees as well as the auditor's remuneration after listing.

Listing expenses

Expenses in relation to the listing consist of fees paid to professional parties.

Finance costs

Finance costs decreased by 58.1% from approximately HK$203,000 to approximately HK$85,000, mainly due to the continuous repayments of bank borrowings and no new loan raised for the year ended 31 March 2016.

Income tax expense
The effective tax rates for the years ended 31 March 2015 and 2016 were approximately 15.4% and 20.2% respectively. The effective tax rate for the year ended 31 March 2016 was higher than the statutory profit tax rate of 16.5% which was mainly due to the increase in tax effect of tax losses not recognised by the Company during the year.

Profit for the year
For the year ended 31 March 2016, the Group recorded net profit of approximately HK$27.2 million, a decrease of 22.2% as compared to the net profit of approximately HK$35.0 million for the corresponding period in the last financial year. This was mainly due to the increase in administrative expenses and other gains and losses which offset with the increase in gross profit.

Consolidated statement of financial position

Net assets of the Group increased 80.9% from approximately HK$141.8 million as at 31 March 2015 to approximately HK$256.6 million as at 31 March 2016.

Non-current assets significantly increased from approximately HK$1.8 million as at 31 March 2015 to approximately HK$7.2 million as at 31 March 2016, primarily due to the transfer from an owner-occupied property to investment property at fair value in September 2015, and the additions of leasehold improvements, office equipment and working vehicle during the year ended 31 March 2016.

Net current assets increased by 78.3% from approximately HK$140.1 million as at 31 March 2015 to approximately HK$249.8 million as at 31 March 2016. The Group received proceeds from the initial public offering of HK$92 million in July 2015, and increase in held-for-trading investments and short-term bank deposits of approximately HK$13.9 million.

Liquidity and financial resources

As at 31 March 2016, the Group had bank balances and cash of approximately HK$167.0 million (2015: HK$89.4 million), which were mainly denominated in Hong Kong dollars, Renminbi and British Pound. The Group is exposed to the currency risks for fluctuation in exchange rates of Renminbi and British Pound. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates and has not adopted any currency hedging policy or other hedging instruments. The Group will continue to monitor its exposure to the currency risks closely.

The Group adopts a prudent approach in cash management and there was no interest bearing borrowings as at 31 March 2016 (2015: HK$4.8 million).

The Group has available unutilised bank borrowings facilities of HK$15.0 million as at 31 March 2016 (2015: nil).

Capital structure and gearing ratio

As at 31 March 2016, total equity was approximately HK$256.6 million (2015: HK$141.8 million) comprising ordinary share capital, share premium and reserves.

The gearing ratio of the Group, defined as a percentage of interest bearing liabilities divided by the total equity, decreased from 3.4% at 31 March 2015 to nil at 31 March 2016 as a result of full repayments of bank borrowings in September 2015.

For details of pledged assets and performance bonds and contingent liability of the Group, please refer to notes 21 and 30 to the consolidated financial statements accordingly.

Significant investments

Apart from the reorganisation in relation to the listing of the shares of the Company, there were no significant investments held for the year ended 31 March 2016. Save for the business plan as disclosed in the prospectus of the Company dated 19 June 2015 (the "Prospectus"), there is no other plan for material investments or capital assets as at 31 March 2016.

Material acquisitions and disposal of subsidiaries and associated companies

During the year ended 31 March 2016, there was no material acquisition or disposal of subsidiaries and associated companies by the Company.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lo Yuen Cheong, 63, is the Chairman and Executive Director of the Company and also the chairman of Nomination committee and member of Remuneration Committee. 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 35 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 with Engineers Registration Board of Hong Kong. He is also a member of The Institution of Civil Engineers of the United Kingdom and a member of The Hong Kong Institution of Engineers.

Mr. Lo Yuen Cheong obtained a Master degree of Engineering (MEng) from The University of Sheffield in 1979, and a Master degree of Arts (MA) 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, 60, is the Executive Director of the Company and also the member of Nomination Committee. 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 34 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 with Engineers Registration Board of Hong Kong. He is also a member of The Institute of Marine Engineers of the United Kingdom, and a member of The Hong Kong Institution of Engineers.

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, 51, is the non-executive Director of the Company and also the member of audit committee. She has over 21 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, 67, is the independent non-executive Director 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 in Australia. From March 1984 to June 1986, he worked with Macdonald Wagner Pty Limited and was promoted to the position of senior engineer. From June 1986 to May 1989, he worked with Transfield Construction Pty Limited as a structured engineer. 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.

Professor Lo Man Chi, 50, is the independent non-executive Director. 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 was 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, 31, is the independent non-executive Director. 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 Bachelor degree of Social Sciences with first class honours 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, 52, 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 30 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, 41, 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 19 years of experience working in the civil engineering industry.

Mr. Wan Ho Yin, 38, 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 the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants, and has over 15 years of experience on accounting profession.

Mr. Lam Tat Shing, 38, 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 16 years of experience working in the civil engineering industry. He also has experience of port works and fill management.

DIRECTORS' REPORT

The Directors present their annual report together with the audited consolidated financial statements for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and provides corporate management services.

The activities of its principal subsidiaries and joint operations (set out in notes 31 and 33 to the consolidated financial statements) are engaged in construction and civil engineering works.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2016 are set out in the consolidated statement of profit or loss and other comprehensive income on page 26 of the annual report and in accompanying notes to the consolidated financial statements.

The Board does not recommend final dividend for the year ended 31 March 2016 (2015: nil).

DISTRIBUTABLE RESERVES

Movements in the reserves of the Group and of the Company are set out in the consolidated statement of changes in equity on page 28 of the annual report and note 34 to the consolidated financial statements respectively.

FOUR-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last four financial years is set out on page 68 of this annual report.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting to be held on Monday, 22 August 2016, the register of members of the Company will be closed from Thursday, 18 August 2016 to Monday, 22 August 2016, both dates inclusive, during which period no transfer of the shares of the Company will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 17 August 2016.

EQUITY-LINKED AGREEMENTS

Other than the share option scheme of the Company as disclosed in note 26 to the consolidated financial statements, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

Based on the offer price of HK$0.8 per share, the net proceeds from the share offering received by the Company, net of underwriting commissions and other estimated listing expenses, was approximately HK$71.1 million.

The net proceeds from the listing will be utilised subsequent to the listing in accordance with the proposed applications set out in the section "Future Plans and Use of Proceeds" of the Prospectus. The below table sets out the proposed applications of the net proceeds and usage up to the date of this report:

	Proposed application HK$' million	**Actual usage up to the date of report** HK$' million
Acquisition of additional machinery and equipment	42.7	1.8
Hiring of additional staff	17.8	–
Upgrade of information technology system and software	3.5	0.7
General working capital	7.1	7.1
	71.1	9.6

As at the date of this report, the Group does not anticipate any change to the above use of proceeds.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year ended 31 March 2016 amounted to HK$604,000.

INVESTMENT PROPERTY

Details of investment property of the Group are set out in note 15 to the consolidated financial statements.

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.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in note 25 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws 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)*
Lo Yick Cheong

Non-executive Director:

Chan Wai Ying

Independent non-executive Directors:

Leung Wai Tat Henry
Lo Man Chi
Chau Wai Yung

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 the Rules Governing the Listing of Securities on Stock Exchange (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 and independent non-executive Director have been appointed for an initial term of two years and the appointment is 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 2016, the Group had an aggregate of 116 (2015: 169) full-time employees. Employee costs excluding directors' emoluments totalled HK$46.5 million for the year ended 31 March 2016 (2015: HK$52.1 million). 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 11 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 TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph headed "Related Party Transactions and Connected Transactions", no transactions, arrangements or 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.

DISCLOSURE INTERESTS IN SECURITIES

A. Directors' and the Chief Executive's interests in the shares of the Company

As at 31 March 2016, 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)	Number of Underlying shares (in respect of the share options (unlisted equity derivatives)) of the Company held (Note 2)	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 (Note 1)	300,000,000	–	72.29%
	Beneficial owner	1,428,000	3,500,000	1.19%
Lo Yick Cheong of the Company	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse (Note 1)	300,000,000	–	72.29%
	Beneficial owner	–	3,500,000	0.84%
Chan Wai Ying of the Company	Beneficial owner	–	3,000,000	0.72%
Lo Yuen Cheong of Jade Vantage Holdings Limited	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse (Note 1)	50,000 of US$1 each	–	100%
Lo Yick Cheong of Jade Vantage Holdings Limited	Beneficiary and co-founder of a discretionary trust, interest each in a controlled corporation and interest in spouse (Note 1)	50,000 of US$1 each	–	100%

Notes:

1. 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.

2. The relevant Director was granted options to subscribe for such number of Shares under the Share Option Scheme adopted by the Company on 3 June 2015.

Save as disclosed above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange.

B. Substantial shareholders and other interests

As at 31 March 2016, 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 as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Nature of interest	Number of issued ordinary shares held (long position)	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	Beneficial owner	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: 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.

SHARE OPTION SCHEME

The Company conditionally adopted the share option scheme on 3 June 2015, and such scheme has become effective on the listing of the Company on the Stock Exchange on 3 July 2015 (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 the Listing Date.

The share options granted as disclosed in the announcement of the Company dated 15 July 2015 entitled the relevant grantees to subscribe for an aggregate 25,000,000 new shares of HK$0.01 each in the share capital of the Company. Detail of movements of the options granted to the Directors and employees under the Share Option Scheme for the year ended 31 March 2016 are as follows:

				Number of share options				
Name of director	Date of grant	Exercisable period	Exercise price HK$	Outstanding at 1.4.2015	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding at 31.3.2016
Lo Yuen Cheong	15 July 2015	15 July 2016 to 14 July 2017	1.1	–	1,750,000	–	–	1,750,000
		15 July 2017 to 14 January 2018	1.1	–	1,750,000	–	–	1,750,000
Lo Yick Cheong	15 July 2015	15 July 2016 to 14 July 2017	1.1	–	1,750,000	–	–	1,750,000
		15 July 2017 to 14 January 2018	1.1	–	1,750,000	–	–	1,750,000
Chan Wai Ying	15 July 2015	15 July 2016 to 14 July 2017	1.1	–	1,500,000	–	–	1,500,000
		15 July 2017 to 14 January 2018	1.1	–	1,500,000	–	–	1,500,000
				–	10,000,000	–	–	10,000,000

Save as disclosed above, none of the Directors had any interests in the share options to subscribe for the shares.

Employees Date of grant	Exercisable period	Exercise price HK$	Outstanding at 1.4.2015	Number of share options Granted during the year	Exercised during the year	Cancelled during the year	Outstanding at 31.3.2016
15 July 2015	15 July 2016 to 14 July 2017	1.1	-	7,500,000	-	(562,000)	6,938,000
	15 July 2017 to 14 January 2018	1.1	-	7,500,000	-	(562,000)	6,938,000
			-	15,000,000	-	(1,124,000)	13,876,000

No option was exercised or lapsed during the year ended 31 March 2016.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2016, the five largest customers of the Group and the single largest customer of the Group accounted for 79.5% and 21.5% (2015: 90.2% and 30.7%) 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 44.9% and 12.1% (2015: 39.7% and 9.0%) 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 74.2% and 25.5% (2015: 56.4% and 21.7%) of the total subcontracting fee of the Group, respectively.

As far as the Directors are aware, none of the Directors, their associates, within the meaning of 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 2016.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions undertaken in the normal course of business are provided under note 29 to the consolidated financial statements, and none of which constitutes a discloseable connected transaction as defined under the Listing Rules.

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

Neither the Company, nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities from the Listing Date to 31 March 2016.

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 year.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Company's Articles of Association, every Director of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

The Company has arranged appropriate Directors and officers liability insurance coverage for its Directors and officers.

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 18 to 24 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 5 to 7 of the annual report.

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Lo Yuen Cheong
Chairman and Executive Director
17 June 2016

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 management, monitoring procedures and transparency to all shareholders and stakeholders.

The Company has adopted, applied and complied with the code provisions of Corporate Governance Code (the "Code") set out in Appendix 14 of the Listing Rules since the Listing Date to 31 March 2016, except for provision A.2.1 in respect of the separate roles of the chairman and chief executive officer.

According to provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Lo Yuen Cheong is the Chairman and Chief Executive Officer of the Company, responsible for the financial and operational aspects of the Group, and is jointly responsible for the formulation of business development strategies of the Group. The Board believes that vesting the roles of both Chairman and Chief Executive Officer has the benefit of managing the Group's business and overall operation in an efficient manner. The Board considers that the balance of power and authority under the present arrangement will not be impaired in light of the operations of the Board with half of them being independent non-executive Directors. The Company will review the structure from time to time and shall adjust the situation when suitable circumstance arises.

THE BOARD

The Board has a balanced composition of members to ensure independent judgement being exercised in all discussions. The Board focuses on the overall strategies, policies and business plans of the Group, monitors the financial performance, internal controls and risk management of the Group. Executive Director and senior management are responsible for the day-to-day operations of the Group.

The composition of the Board and the individual attendance (Board Meetings and 2016 AGM) of each Director are set out below:

	Attended/Eligible to attend	
Name	**Board meetings From Listing Date up to the date of this report**	**2016 AGM**
Executive Directors		
Lo Yuen Cheong	4/4	1/1
Lo Yick Cheong	4/4	1/1
Non-executive Director		
Chan Wai Ying	4/4	1/1
Independent non-executive Director		
Leung Wai Tat Henry	4/4	1/1
Lo Man Chi	4/4	1/1
Chau Wai Yung	4/4	1/1

Biographical details of the Directors are set out in the section headed "Directors and Senior Management" in this report. Save for the relationships as detailed in the biographical details, 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.

Under code provision A.1.1 of the Code, the Board shall meet regularly and at least four times a year at approximately quarterly intervals. The Directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by the Directors.

Directors' resolutions were passed by way of written resolutions or by physical meetings. The Company has to comply with the 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.

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 Code. No claim was made against the Directors and Officers of the Company from the Listing Date to 31 March 2016.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Chairman and chief executive officer are two key aspects of the management of a company. Chairman performs the management of the Board and Chief Executive Officer performs the day-to-day management of the business.

The Company considered that both positions of Chairman and Chief Executive Officer require persons with in-depth knowledge and experience of the Group's business. The Company will review the structure from time to time and shall adjust the situation when suitable circumstance arises.

During the year, 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. 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.

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 Code, which are posted on the websites of the Company and the Stock Exchange.

Nomination Committee

The Nomination Committee currently comprises of 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.

The Board is of the view that the Nomination Committee has properly discharged its duties and responsibilities during the year ended 31 March 2016 and up to the date of this report.

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/her own remuneration).

The Board is of the view that the Remuneration Committee has properly discharged its duties and responsibilities during the year ended 31 March 2016 and up to the date of this report.

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, risk management and internal control systems of the Group and reviewing the Group's financial information and compliance. The Committee meets at least twice a year with the Company's external auditor to discuss the audit process and accounting issues.

The Board is of the view that the Audit Committee has properly discharged its duties and responsibilities during the year ended 31 March 2016 and up to the date of this report.

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 bimonthly 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. In particular, the representation of men and women on the Board has reached 50%: 50%. We believe gender diversity enables better problem solving and brings different perspectives and approach issues differently, leading to improved decision making processes. These differences are taken into account in determining the optimum composition of the Board. The Nomination Committee discusses the measurable objectives for implementing diversity on the Board from time to time and recommends them to the Board for adoption.

The Nomination Committee reports 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 also discusses any revisions that may be required, and recommends any such revisions to the Board for consideration and approval.

CONTINUOUS PROFESSIONAL DEVELOPMENT

According to code provision A.6.5 of the 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 confirmed that they have complied with the code provision A.6.5 of the Code on Directors' training and they have provided a record of training they received for the year ended 31 March 2016 to the Company.

A summary of continuous professional development each Director participated in during the year ended 31 March 2016, according to the records provided, is set out below:

Name of Directors	Attending internal briefings or trainings, participating seminars or reviewing materials
Executive Directors	
Lo Yuen Cheong	✔
Lo Yick Cheong	✔
Non-executive Director	
Chan Wai Ying	✔
Independent non-executive Directors	
Leung Wai Tat Henry	✔
Lo Man Chi	✔
Chau Wai Yung	✔

All the Directors attended a training session conducted by the Company's legal adviser relating to directors' duties and responsibilities under the Hong Kong Companies Ordinance (Cap. 622), the Listing Rules and other applicable laws and regulations.

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 during the period from the Listing Date to 31 March 2016.

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 2016 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 the year ended 31 March 2016 were prepared in accordance with the statutory requirements and the applicable accounting standards, and have been prepared on a going concern basis.

INTERNAL CONTROL AND RISK MANAGEMENT

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 is 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, assess the effectiveness of the internal audit 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 effectiveness of the internal control system of the Company including the adequacy of resources, staff qualifications and experience, budget of the Company's accounting and financial reporting function, and their training programmes have been conducted in FY2015/2016.

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 9 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 2016, the remuneration paid/payable to the Company's auditor, Messrs. Deloitte Touche Tohmatsu, amounted to HK$1,450,000 in respect of the annual audit and interim review services of the Company.

The statement of the Company's external auditor, Messrs. Deloitte Touche Tohmatsu, regarding their reporting responsibilities is set out on page 25 in the Independent Auditor's Report forming part of this annual report.

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 year.

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 26 to 67, which comprise the consolidated statement of financial position as at 31 March 2016, 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 and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors 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 Hong Kong Institute of Certified Public Accountants. 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 2016, 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
17 June 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
Revenue	7	**183,279**	260,845
Cost of services		**(104,666)**	(188,064)
Gross profit		**78,613**	72,781
Other income	8a	**2,213**	782
Other gains and losses	8b	**(4,151)**	208
Administrative expenses		**(36,615)**	(25,111)
Listing expenses		**(5,873)**	(7,089)
Finance costs	9	**(85)**	(203)
Profit before tax	10	**34,102**	41,368
Income tax expense	12	**(6,900)**	(6,383)
Profit for the year		**27,202**	34,985
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Fair value gain on transfer of owner-occupied property to investment property, net of deferred taxation		**1,193**	–
Total comprehensive income for the year attributable to owners of the Company		**28,395**	34,985
Earnings per share			
Basic and diluted (in HK cents)	14	**7.05**	12.66

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Investment property	15	**2,200**	–
Property, plant and equipment	16	**5,033**	1,775
		7,233	1,775
Current assets			
Amounts due from customers for contract works	17	**60,471**	39,140
Debtors, deposits and prepayments	18	**48,547**	58,402
Amounts due from joint operations/other partners of joint operations	19	**11,926**	10,768
Tax recoverable		**783**	–
Held-for-trading investments	20	**11,961**	–
Short-term bank deposits	21	**2,011**	–
Pledged bank deposits	21	**4,733**	15,985
Bank balances and cash	21	**167,001**	89,386
		307,433	213,681
Current liabilities			
Amounts due to customers for contract works	17	**19,371**	29,546
Creditors and accrued charges	22	**28,742**	26,943
Amounts due to other partners of joint operations	19	**7,160**	6,973
Amount due to a fellow subsidiary of a joint operation partner	19	**–**	657
Tax liabilities		**2,319**	4,648
Bank borrowings	23	**–**	4,846
		57,592	73,613
Net current assets		**249,841**	140,068
Total assets less current liabilities		**257,074**	141,843
Non-current liability			
Deferred tax liabilities	24	**452**	–
Net assets		**256,622**	141,843
Capital and reserves			
Share capital	25	**4,150**	–
Share premium and reserves		**252,472**	141,843
Total equity		**256,622**	141,843

The consolidated financial statements on pages 26 to 67 were approved and authorised for issue by the Board of Directors on 17 June 2016 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 2016

	Share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Property revaluation reserve HK$'000	Other reserve HK$'000 (note)	Retained earnings HK$'000	Total HK$'000
At 1 April 2014	29,400	–	–	–	–	80,636	110,036
Profit and total comprehensive income for the year	–	–	–	–	–	34,985	34,985
Issue of shares	4,200	–	–	–	–	–	4,200
Dividends paid (note 13)	–	–	–	–	–	(7,378)	(7,378)
Effect of group reorganisation	(33,600)	–	–	–	33,600	–	–
At 31 March 2015 and 1 April 2015	–*	–	–	–	33,600	108,243	141,843
Profit for the year	–	–	–	–	–	27,202	27,202
Other comprehensive income recognised for the year (note 16)	–	–	–	1,193	–	–	1,193
Total comprehensive income for the year	–	–	–	1,193	–	27,202	28,395
Issue of shares pursuant to the Share Offer (note 25)	1,150	90,850	–	–	–	–	92,000
Share issue expenses	–	(7,675)	–	–	–	–	(7,675)
Capitalisation Issue (note 25)	3,000	(3,000)	–	–	–	–	–
Share-based compensation (note 26)	–	–	2,059	–	–	–	2,059
At 31 March 2016	4,150	80,175	2,059	1,193	33,600	135,445	256,622

* Less than HK$1,000

Note: 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 Holdings Limited ("Jade Vantage") on 12 November 2014. 9,999 ordinary shares were allotted and issued to Jade Vantage on 13 November 2014 at par (note 25).

As part of the group reorganisation completed on 31 December 2014, Mr. Lo Yuen Cheong and Ms. Tam Wai Sze, Vera, the ultimate shareholders of the Company, transferred their 100% equity interest in Concentric Construction Limited ("Concentric") to Wit Plus Limited ("Wit Plus"), a wholly-owned subsidiary of the Company, for the 5,000 ordinary shares at par value of US$1.00 each in the share capital of Jade Vantage. On the same date, Mr. Lo Yick Cheong and Ms. Cheung Suk Ching, Savonne, the ultimate shareholders of the Company, transferred their 100% equity interest in Peako Engineering Co. Limited ("Peako") to Keytime Developments Limited ("Keytime"), a wholly-owned subsidiary of the Company, for the 5,000 ordinary shares at par value of US$1.00 each in the share capital of Jade Vantage. As a result, Concentric and Peako became indirectly wholly-owned subsidiaries of the Company. The share capital of Peako and Concentric of HK$33,600,000 is reclassified to "Other reserve".

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	2016 HK$'000	2015 HK$'000
OPERATING ACTIVITIES		
Profit before tax	34,102	41,368
Adjustments for:		
Change in fair value of held-for-trading investments, net	2,664	–
Depreciation of property, plant and equipment	912	565
Finance costs	85	203
(Gain) loss on disposal of property, plant and equipment	(131)	23
Share-based compensation	2,059	–
Unrealised net exchange losses (gains)	1,393	(231)
Interest income	(1,406)	(583)
Operating cash flows before movements in working capital	39,678	41,345
Increase in held-for-trading investments	(14,625)	–
Increase in amounts due from customers for contract works	(21,331)	(16,998)
Decrease (increase) in debtors, deposits and prepayments	9,855	(2,390)
(Increase) decrease in amounts due from joint operations/other partners of joint operations	(1,324)	3,369
(Decrease) increase in amounts due to customers for contract works	(10,175)	4,557
Increase (decrease) in creditors and accrued charges	1,799	(13,459)
Increase in amounts due to other partners of joint operations	187	116
Decrease in amount due to a fellow subsidiary of a joint operation partner	(657)	(1,460)
Cash generated from operations	3,407	15,080
Income tax paid	(9,796)	(7,218)
Income tax refunded	–	739
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(6,389)	8,601
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,941)	(412)
Proceeds from disposal of property, plant and equipment	131	–
Advances to related parties	–	(69,500)
Repayments from related parties	–	71,024
Advance to a joint operation	(266)	–
Advances to other partners of joint operations	–	(6,547)
Repayments from other partners of joint operations	432	6,414
Placement of pledged bank deposits	–	(10,935)
Withdrawal of pledged bank deposits	11,252	10,117
Placement of short-term bank deposits	(2,011)	–
Interest income	1,406	583
NET CASH FROM INVESTING ACTIVITIES	6,003	744

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	2016 **HK$'000**	2015 HK$'000
FINANCING ACTIVITIES		
Interest paid	**(85)**	(203)
Proceeds from issuance of the Company's ordinary shares	**92,000**	–
Issue of share capital	**–**	4,200
Repayment of bank borrowings	**(4,846)**	(1,761)
Share issue cost directly attributable to issue of new shares	**(7,675)**	–
Advance from a director	**–**	20,009
Repayment to a director	**–**	(25,725)
Advance from a shareholder	**–**	1,595
Repayment to a shareholder	**–**	(1,037)
Dividends paid	**–**	(7,378)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**79,394**	(10,300)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**79,008**	(955)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**89,386**	90,110
Effect of foreign exchange rate changes	**(1,393)**	231
CASH AND CASH EQUIVALENTS AT END OF THE YEAR represented by bank balances and cash	**167,001**	89,386

1. GENERAL

The Company was incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. Its parent company is Jade Vantage Holdings Limited. The addresses of the registered office and principal place of the Company are disclosed in the corporate information section to the annual report. The Company acts as an investment holding company. The principal activities of the subsidiaries (together with the Company referred to as the "Group") are provision of construction and civil engineering. Details of the major subsidiaries are set out in note 33.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Application of amendments to HKFRSs

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[2]
Amendments to HKAS 27	Equity method in Separate Financial Statements[2]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2016.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2019.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 15 Revenue from Contracts with Customers

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.

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 directors of the Company 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.

HKFRS 16 Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The directors of the Company will assess the impact of the application of HKFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 16 until the Group performs a detailed review.

Except as described above, the directors of the Company do not anticipate that the application of other new and revised HKFRSs will have material impact on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have has 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 ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and to streamline with HKFRSs. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for investment property and certain financial instruments that are measured at fair value at the end of each reporting period, 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

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.

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 statement 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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 lessor

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the lease.

Rental income from operating lease is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

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.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

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 or investment property.

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 other 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.

Share-based payment arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to directors of the Company and employees of the Group are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based transactions are set out in note 26.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 tax 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.

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 or 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

Transfer from owner-occupied property to investment property carried at fair value

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant property revaluation reserve will be transferred directly to retained earnings.

Investment property

Investment property is property held to earn rentals. Investment property is measured initially at cost or deemed cost which is the fair value of property at the time of transfer from owner-occupied property. Subsequent to initial recognition, investment property is measured at fair value. Gain and loss arising from change in the fair value of the investment property is included in profit or loss in the period in which it arises.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

For the purpose of measuring deferred tax liability for investment property that is measured using the fair value model, the carrying amount of such property is presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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 other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at FVTPL and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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, other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets classified as at FVTPL represent the financial assets that are held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excluded any dividend or interest earned on the financial assets and is included in other gains and losses in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in note 6c.

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, amounts due from joint operations/other partners of joint operations, short-term bank deposits, 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 of 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, other than those at FVTPL, 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; or
- disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

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.

For financial assets carried at amortised cost, 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.

For financial assets measured at amortised cost, 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.

Financial liabilities

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

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.

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.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, 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.

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

Critical judgment in applying accounting policies *(Continued)*

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 arrangement document 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 estimation 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 set 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.

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 computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 March 2016, the carrying amounts of trade and retention receivables of the Group were approximately HK$38,290,000 (2015: HK$47,088,000), while the carrying amounts of amounts due from joint operations of the Group were approximately HK$11,660,000 (2015: HK$10,336,000).

Fair value measurements and valuation processes

Some of the Group's assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Notes 6c and 15 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of the assets.

5. 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.

6. FINANCIAL INSTRUMENTS

6a. Categories of financial instruments

	2016 **HK$'000**	2015 HK$'000
Financial assets		
Financial assets at FVTPL		
— Held-for-trading investments	**11,961**	–
Loans and receivables (including bank balances and cash)	**226,615**	165,634
	238,576	165,634
Financial liabilities		
Amortised cost	**34,576**	37,398

6b. Financial risk management objectives and policies

The Group's major financial instruments include held-for-trading investments, amounts due from (to) joint operations/other partners of joint operations, amount due to a fellow subsidiary of a joint operation partner, debtors and deposits, short-term bank 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.

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

	Assets	
	2016 **HK$'000**	2015 HK$'000
United States Dollar ("USD")	**153**	13
Renminbi ("RMB")	**13,743**	31,012
British Pound ("GBP")	**3,783**	–

6. FINANCIAL INSTRUMENTS *(Continued)*

6b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Currency risk (Continued)

Sensitivity analysis

The Group is mainly exposed to the fluctuation of RMB and GBP. 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 5% (2015: 1%) increase and decrease in the group entity's respective functional currency, HK$ against RMB and GBP. 5% (2015: 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 5% (2015: 1%) change in foreign currency rates. A negative number below indicates a decrease in post-tax profit for the year where HK$ strengthen against RMB and GBP. For a 5% (2015: 1%) weakening of HK$ against RMB and GBP, there would be an equal and opposite impact on the post-tax profit for the year, and the balances shown as negative below would be positive.

	Decrease in profit	
	2016	2015
	HK$'000	HK$'000
RMB	**(687)**	(310)
GBP	**(189)**	–

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 year.

Other price risk

The Group is exposed to equity securities price risk through its held-for-trading investments at 31 March 2016.

The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments operating in banking and infrastructure industries quoted on the Stock Exchange of Hong Kong Limited.

The sensitivity analysis below have been determined based on the exposure to equity price risks at 31 March 2016.

If the prices of the respective equity instruments had been 10% (2015: nil) higher or lower, the post-tax profit for the year ended 31 March 2016 would increase or decrease by HK$999,000 as a result of changes in fair value of held-for-trading investments.

Interest rate risk

The Group is exposed to cash flow interest rate risk mainly in relation to bank balances, variable-rate pledged deposits. At 31 March 2015, the Group's cash flow interest rate risk also arose from variable-rate bank borrowings of which the interest change was subject to the fluctuation of the Best Lending Rate.

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.

6. FINANCIAL INSTRUMENTS *(Continued)*

6b. 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.

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. 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 as at 31 March 2016 on trade and retention receivables from the Group's major customers amounting to HK$35,739,000 (2015: HK$45,255,000) and accounted for 93% (2015: 96%) 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 2016, amounts due from joint operations amounted to HK$11,660,000 (2015: HK$10,336,000). 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.

6. FINANCIAL INSTRUMENTS *(Continued)*

6b. 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 2016						
Creditors and accrued charges	–	**18,600**	**2,784**	**6,032**	**27,416**	**27,416**
Amounts due to other partners of joint operations	–	**2,470**	–	**4,690**	**7,160**	**7,160**
		21,070	**2,784**	**10,722**	**34,576**	**34,576**
At 31 March 2015						
Creditors and accrued charges	–	16,332	675	7,915	24,922	24,922
Amounts due to other partners of joint operations	–	1,597	686	4,690	6,973	6,973
Amounts due to a fellow subsidiary of a joint operation partner	–	657	–	–	657	657
Bank borrowings — variable rate	3.5	4,846	–	–	4,846	4,846
		23,432	1,361	12,605	37,398	37,398

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. Aggregate principal and interest cash outflows (estimated based on the interest rate at 31 March 2015 and the scheduled repayment dates) are set out below:

	Weighted average effective interest rate %	Repayable on demand or less than 3 months HK$'000	3 months to 1 year HK$'000	1–2 years HK$'000	3–5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 March 2016							
Bank borrowings — variable rates	–	–	–	–	–	–	–
At 31 March 2015							
Bank borrowings — variable rates	3.5	491	1,474	1,965	1,146	5,076	4,846

6. FINANCIAL INSTRUMENTS *(Continued)*

6c. 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.

Fair value of the Group's financial asset that is measured at fair value on a recurring basis

Held-for-trading non-derivative financial asset is measured at fair value at 31 March 2016. The following table gives information about how the fair value of this financial asset is determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurement is categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurement is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial asset	Fair value as at 31 March 2016 HK$'000	Fair value hierarchy	Valuation technique and key input
Held-for-trading non-derivative financial asset	Listed equity securities in Hong Kong: 11,961	Level 1	Quoted bid prices in an active market

There is no transfer between the different levels of the fair value hierarchy during the year.

7. 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.

	2016 HK$'000	2015 HK$'000
Civil engineering works	**183,251**	260,825
Consultancy fee income	**28**	20
	183,279	260,845

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 on a project by project basis. Each individual project constitutes an operating segment. For operating segments that have similar economic characteristics, they are produced using similar production process, distributed and sold to similar classes of customers and under similar regulatory environment, and 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 statement 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 3. No analysis of the Group's assets and liabilities is regularly provided to the management of Group for review.

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:

	2016 HK$'000	2015 HK$'000
Customer 1	**39,446**	76,803
Customer 2	**23,446**	N/A
Customer 3	**28,237**	80,131
Customer 4	**22,569**	28,909
Customer 5	**31,949**	31,686

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

8a. OTHER INCOME

	2016 HK$'000	2015 HK$'000
Bank interest income	**1,406**	583
Rental income from investment property	**46**	–
Others	**761**	199
	2,213	782

8b. OTHER GAINS AND LOSSES

	2016 HK$'000	2015 HK$'000
Net gain (loss) on disposal of property, plant and equipment	**131**	(23)
Change in fair value of held-for-trading investments, net	**(2,664)**	–
Net exchange (losses) gains	**(1,618)**	231
	(4,151)	208

9. FINANCE COSTS

The finance costs represent interest on bank borrowings.

10. PROFIT BEFORE TAX

	2016 HK$'000	2015 HK$'000
Profit before tax has been arrived at after charging:		
Directors' emoluments (note 11)	**9,290**	4,368
Other staff salaries and other allowances	**43,698**	50,317
Other staff share-based compensation	**1,205**	–
Other staff retirement benefit scheme contributions	**1,582**	1,782
Total staff costs	**55,775**	56,467
Less: amounts included in cost of services	**(35,097)**	(44,716)
	20,678	11,751
Auditors' remuneration	**1,100**	524
Depreciation of property, plant and equipment	**912**	565
Less: amounts included in cost of services	**–**	(72)
	912	493
Operating lease rentals in respect of land and buildings	**1,907**	1,248

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

Directors

The emoluments of the directors of Company are as follows:

	2016 HK$'000	2015 HK$'000
Fees	417	–
Salaries and other allowances	7,345	2,706
Share-based compensation	854	–
Discretionary bonus (note)	620	1,635
Retirement benefit scheme contributions	54	27
	9,290	4,368

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

Directors' and executives' remuneration for the year, disclosed pursuant to applicable Listing Rules and Companies Ordinance, is as follow:

	2016					2015		
	Fees HK$'000	Salaries and other allowance HK$'000	Share-based compensation 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:								
Lo Yuen Cheong	–	4,197	299	290	18	1,961	1,250	17
Lo Yick Cheong	–	2,668	299	150	18	625	285	5
	–	6,865	598	440	36	2,586	1,535	22
Non-executive director:								
Chan Wai Ying	–	480	256	180	18	120	100	5
Independent non-executive directors:								
Leung Wai Tat Henry	139	–	–	–	–	–	–	–
Lo Man Chi	139	–	–	–	–	–	–	–
Chau Wai Yung	139	–	–	–	–	–	–	–
	417	–	–	–	–	–	–	–
	417	7,345	854	620	54	2,706	1,635	27

Mr. Lo Yuen Cheong is also the chief executive of the Company, his emoluments disclosed above include those for services rendered by him as the chief executive. The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments and the independent non-executive directors' emoluments shown above were for their services as directors of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

Employees

Of the five individuals with the highest emoluments in the Group, two (2015: two) are directors and the chief executive of the Company whose emoluments are set out above. The emoluments of the remaining three (2015: three) individuals for the year ended 31 March 2016 are as follows:

	2016	2015
	HK$'000	HK$'000
Salaries and other allowances	**2,973**	2,848
Share-based compensation	**521**	–
Discretionary bonus	**1,173**	1,040
Retirement benefit scheme contributions	**36**	21
	4,703	3,909

The number of the highest paid individuals who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	2016	2015
	No. of employees	No. of employees
HK$ Nil–HK$1,000,000	**–**	–
HK$1,000,001–HK$1,500,000	**1**	3
HK$1,500,001–HK$2,000,000	**2**	–
	3	3

12. INCOME TAX EXPENSE

	2016 HK$'000	2015 HK$'000
Income tax		
Current year	**6,426**	7,743
Under (over)provision in prior years	**258**	(1,360)
	6,684	6,383
Deferred taxation (note 24)	**216**	–
	6,900	6,383

The Group is subject to Hong Kong Income Tax at a rate of 16.5% for the year. No provision for taxation in Hong Kong was made for a subsidiary and a joint operation of the Group as they were relieved by the tax losses amounted to HK$2,315,000 (2015: HK$42,000) carried forward.

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:

	2016 HK$'000	2015 HK$'000
Profit before tax	**34,102**	41,368
Tax charge at Hong Kong Profits Tax Rate of 16.5%	**5,627**	6,826
Tax effect of expenses not deductible for tax purpose	**1,061**	1,551
Tax effect of income not taxable for tax purpose	**(474)**	(605)
Tax effect of tax losses not recognised	**801**	9
Utilisation of tax losses previously not recognised	**(382)**	(7)
Under (over)provision in prior years	**258**	(1,360)
Others	**9**	(31)
Tax charge for the year	**6,900**	6,383

13. DIVIDENDS

No dividend was declared and paid by the Company during the year ended 31 March 2016. During the year ended 31 March 2015, Peako and Concentric made the following distributions to their shareholders:

	2016	2015
	HK$'000	HK$'000
Dividends declared and paid/payable to shareholders by:		
— Peako	**–**	4,418
— Concentric	**–**	2,960
	–	7,378

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

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2016	2015
	HK$'000	HK$'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**27,202**	34,985
	'000	'000
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic and diluted earnings per share	**385,779**	276,370

The weighted average number of ordinary shares in issue of 385,779,000 (2015: 276,370,000 shares) is calculated on the assumption that the group reorganisation (explained in the note of consolidated statement of changes in equity) and the Capitalisation Issue (defined and explained in note 25) are deemed to have become effective on 1 April 2014.

The diluted earnings per share does not assume the effect from the Company's outstanding share options (note 26) as the exercise price of those options is higher than the average market price for shares from the grant date to 31 March 2016. There is no potential ordinary share in issue or outstanding as at 31 March 2015.

15. INVESTMENT PROPERTY

	HK$'000
FAIR VALUE	
Transfer from owner-occupied property during the year (note 16) and at 31 March 2016	2,200

The fair value of the Group's investment property at 31 March 2016 has been arrived at on the basis of a valuation carried out on that date by BMI Appraisals Limited ("the Valuer"), an independent qualified professional valuer not connected with the Group.

The fair value, classified as Level 3 of the fair value hierarchy as at 31 March 2016, was arrived at by reference to market evidence of transaction prices for similar properties in the same location and conditions.

In estimating the fair value of the property, the highest and best use of the property is their current use.

The investment property is a commercial property unit located in Hong Kong.

For the purpose of measuring deferred tax liability arising from investment property that is measured using the fair value model, the directors have reviewed the Group's investment property and determined that the presumption to recover the carrying amount of investment property through sale is not rebutted. As a result, the Group does not recognise deferred tax on changes in fair value of investment property (if any) as the Group is not subject to any income taxes on disposal of its investment property.

The following table gives information about how the fair value of the investment property is determined (in particular, the valuation technique and inputs used), as well as the fair value hierarchy into which the fair value measurement is categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurement are observable.

Investment property held by the Group in the consolidated statement of financial position	**Valuation technique and fair value hierarchy**	**Significant unobservable input(s)**	**Relationship of unobservable input to fair value**
Property in Kwai Chung	Direct comparison Method, Level 3	Unit sale rate, taking into account the age, location, and individual factor, such as frontage and size, between the comparable properties, from HK$5,800 to HK$6,800 per square feet on saleable floor area basis.	An increase in the unit sale rate used would result in an increase in the fair value of the investment property by the same percentage increase, and vice versa.

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 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
Additions	–	909	207	1,849	1,976	4,941
Disposals	–	–	(247)	(204)	(412)	(863)
Transfer to investment property	(892)	–	–	–	–	(892)
As at 31 March 2016	–	1,139	1,345	5,112	2,402	9,998
DEPRECIATION						
As at 1 April 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
Provided for the year	10	76	34	593	199	912
Eliminated upon disposals	–	–	(247)	(204)	(412)	(863)
Eliminated upon transfer to investment property	(121)	–	–	–	–	(121)
As at 31 March 2016	–	306	1,172	2,972	515	4,965
CARRYING VALUE						
As at 31 March 2016	–	833	173	2,140	1,887	5,033
As at 31 March 2015	781	–	–	884	110	1,775

The Group's building at 31 March 2015 was situated on land in Hong Kong under a 40-year lease term. The leasehold land was included in property, plant and equipment as the allocation between the land and building elements cannot be made reliably. On 1 September 2015, the Group transferred this owner-occupied property to investment property and rented to a third party (note 15). The carrying amount and fair value of the property was approximately HK$771,000 and HK$2,200,000 on the date of transfer, respectively. The excess HK$1,429,000 of the fair value over the carrying amount and the related deferred tax liabilities of approximately HK$236,000 was recorded in other comprehensive income as fair value gain.

The fair value of this owner-occupied property at the date of transfer (i.e. 1 September 2015) has been arrived at on the basis of a valuation carried out on that date by the Valuer by reference to market evidence of transaction prices for similar properties in the same location and conditions.

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

	2016 **HK$'000**	2015 HK$'000
Contracts in progress at the end of the reporting periods:		
Contract costs incurred plus recognised profits less recognised losses	**948,734**	1,120,809
Less: progress billings	**(907,634)**	(1,111,215)
	41,100	9,594
Analysed for reporting purposes as:		
Amounts due from customers for contract works	**60,471**	39,140
Amounts due to customers for contract works	**(19,371)**	(29,546)
	41,100	9,594

As 31 March 2016, retention held by customers for contract works amounted to HK$21,193,000 (2015: HK$18,287,000) as disclosed in note 18. No advances were received from customers at 31 March 2016 and 2015.

18. DEBTORS, DEPOSITS AND PREPAYMENTS

	2016 **HK$'000**	2015 HK$'000
Trade receivables	**17,097**	28,801
Retention receivables	**21,193**	18,287
Other debtors, deposits and prepayments		
— Deposits and prepaid expenses (note)	**9,385**	10,556
— Others	**872**	758
	48,547	58,402

Note: As at 31 March 2016, included in deposits and prepaid expense is a deposit of HK$3,370,000 (2015: HK$2,440,000) which has been placed and pledged to an insurance institution to secure performance bonds issued by that institution to customers of the Group (see note 30).

As at 31 March 2016, there is a rental deposit of HK$162,000 (2015: HK$26,000) paid to C & P (Holdings) Hong Kong Limited, which is the related company of the Group (see note 29).

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:

	2016 **HK$'000**	2015 HK$'000
Trade receivables:		
0–30 days	**7,628**	24,699
31–60 days	**6,770**	3,781
61–90 days	**1,586**	–
Over 90 days	**1,113**	321
	17,097	28,801

	2016 **HK$'000**	2015 HK$'000
Retention receivables:		
Due within one year	**3,440**	1,757
Due after one year	**17,753**	16,530
	21,193	18,287

As at 31 March 2016, included in the Group's trade receivables are debtors with a carrying amount of HK$2,699,000 (2015: HK$321,000) which are past due but not impaired. As there has not been a significant change in credit quality, the amounts are still considered recoverable.

	2016 **HK$'000**	2015 HK$'000
Overdue:		
31–60 days	**1,586**	–
61–90 days	**1,113**	321
	2,699	321

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 AMOUNT DUE TO A FELLOW SUBSIDIARY OF A JOINT OPERATION PARTNER

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

	2016 HK$'000	2015 HK$'000
Amount due from joint operations — trade related	**11,660**	10,336
Amount due from a joint operation (note)	**266**	–
Amount due from other partners of joint operations (note)	**–**	432
	11,926	10,768

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:

	2016 HK$'000	2015 HK$'000
Amounts due from joint operations:		
0–30 days	**526**	962
31–60 days	**1,728**	726
61–90 days	**758**	–
	3,012	1,688
Retention receivables:		
due after one year	**8,648**	8,648
	11,660	10,336

Note: The amounts are non trade-related, unsecured, interest-free and expected to be realised within twelve months from the end of the reporting period.

As at 31 March 2016, included in the amounts due from joint operations with a carrying amount of HK$758,000 (2015: nil) which are past due but not impaired. As there has not been a significant change in credit quality, the amounts are still considered recoverable.

	2016 HK$'000	2015 HK$'000
Overdue:		
31–60 days	**758**	–

The majority of the amounts due from joint operations 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.

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

(ii) Amounts due to other partners of joint operations include trade-related amounts due to other partners of joint operations amounting to HK$7,160,000 and HK$6,973,000 as at 31 March 2016 and 2015, respectively.

The credit period on amounts due to other partners of joint operations is 60 days. 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:

	2016 **HK$'000**	2015 HK$'000
0–30 days	**566**	1,173
31–60 days	**1,137**	–
61–90 days	**767**	–
Over 90 days	**–**	424
	2,470	1,597
Retention payables — due within one year	**–**	686
Retention payables — due after one year	**4,690**	4,690
	7,160	6,973

(iii) Amount due to a fellow subsidiary of a joint operation partner was trade-related, unsecured, interest-free and repayable on demand.

The credit period on amount due to a fellow subsidiary of a joint operation partner is 60 days. Ageing analysis of the Group's trade-related amount due to a fellow subsidiary of a joint operation partner based on certification/invoice dates at 31 March 2015 is as follows:

	2016 **HK$'000**	2015 HK$'000
Over 90 days	**–**	657

20. HELD-FOR-TRADING INVESTMENTS

The Group's held-for-trading investments as at 31 March 2016 are carried at fair value using the market bid prices at that date.

	2016 **HK$'000**	2015 HK$'000
Equity securities listed in Hong Kong	**11,961**	–

21. SHORT-TERM BANK DEPOSITS/PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Short-term bank deposits are deposits with a bank with an original maturity over three months but less than one year and is therefore classified as current assets as at 31 March 2016.

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 (see note 30).

The bank balances comprise cash held by the Group and other short-term bank deposits with an original maturity of three months or less.

The short-term bank deposits/pledged bank deposits/bank balances carry interest at market rates which are as follows:

	2016	2015
Range of interest rate per annum:		
Short-term bank deposits	**1.75%**	–
Pledged bank deposits	**2.6%**	2.3%–3.2%
Bank balances and cash	**0.01%–5.5%**	0.01%

22. CREDITORS AND ACCRUED CHARGES

	2016 **HK$'000**	2015 HK$'000
Trade payables	**17,256**	16,161
Retention payables	**8,967**	8,590
Other payables and accruals		
Accrued wages	**1,026**	1,753
Accrued operating expenses	**100**	268
Other payables (note)	**1,393**	171
	28,742	26,943

Note: Included in other payables is a provision of HK$200,000 as at 31 March 2016 (2015: nil) in respect of litigation claims against a subsidiary of the Company, which the provision represents the management's best estimate based on maximum exposure they expected.

22. CREDITORS AND ACCRUED CHARGES *(Continued)*

The credit period on trade purchases is 30 to 60 days. Ageing analysis of the Group's trade payables based on invoice dates at the end of each reporting period is as follows:

	2016 **HK$'000**	2015 HK$'000
Trade payables:		
0–30 days	**10,084**	7,982
31–60 days	**7,000**	6,891
61–90 days	**157**	147
Over 90 days	**15**	1,141
	17,256	16,161

	2016 **HK$'000**	2015 HK$'000
Retention payables:		
Due within one year	**2,935**	675
Due after one year	**6,032**	7,915
	8,967	8,590

23. BANK BORROWINGS

The variable-rate bank borrowings was repayable as follows:

	2016 **HK$'000**	2015 HK$'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
— In the second year	**–**	1,889
— In the third to fifth years inclusive	**–**	1,133
	–	4,846
Less: On demand or amount due within one year shown under current liabilities	**–**	(4,846)
Amount shown under non-current liabilities	**–**	–

The variable-rate bank borrowings as at 31 March 2015 were secured by a personal guarantee of HK$9,000,000 from Mr. Lo Yuen Cheong and his wife and carried interest at the 1.5% per annum below the Best Lending Rate offered by the bank. All bank borrowings were repaid during the current year.

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

	2016	2015
Variable-rate borrowings per annum	**N/A**	3.5%

24. DEFERRED TAX LIABILITIES

	Accelerated tax depreciation HK$'000	Revaluation of property HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2015	–	–	–	–
Charge (credit) to profit or loss	450	–	(234)	216
Charge to other comprehensive income	–	236	–	236
At 31 March 2016	450	236	(234)	452

At the end of the reporting period, the Group has unutilised estimated tax losses of HK$7,949,000 (2015: HK$3,993,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$1,414,000 (2015: nil) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$6,535,000 (2015: HK$3,993,000) due to the unpredictability of future profit streams. Tax losses of Hong Kong subsidiaries may be carried forward indefinitely. Certain amounts of unused tax losses are subject to approval from the Hong Kong Inland Revenue Department.

25. SHARE CAPITAL

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), 31 March 2015 and 31 March 2016	200,000,000,000	2,000,000,000
Issued and fully paid:		
Issue of share at date of incorporation	1	–
Issue of shares on 13 November 2014	9,999	100
At 31 March 2015	10,000	100
Issue of share on initial public offering (note i)	115,000,000	1,150,000
Issue of shares by capitalisation of share premium account (note ii)	299,990,000	2,999,900
At 31 March 2016	415,000,000	4,150,000

Notes:

(i) In connection with the initial public offering of the Company on the Main Board of the Stock Exchange, 115,000,000 new ordinary shares of HK$0.01 each were issued at a price of HK$0.8 per share for a total cash consideration, before expenses, of HK$92,000,000 (the "Share Offer"). Dealings in the shares of the Company on the Stock Exchange commenced on 3 July 2015.

(ii) Pursuant to the special resolution of the sole shareholder of the Company passed on 3 June 2015, a sum of HK$2,999,900 standing to the credit of the share premium account of the Company was approved to be capitalised and for the allotment and issue of 299,990,000 ordinary shares of HK$0.01 each, credited as fully paid at par on 3 July 2015 (the "Capitalisation Issue").

26. SHARE-BASED PAYMENT TRANSACTIONS

The Group adopted a share option scheme on 3 June 2015 ("Share Option Scheme"). The purpose of Share Option Scheme is to provide any directors and full-time employees of any members of the Group, have contributed or will contribute to the Group ("Participants") with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its shares for the benefit the Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Participants.

Pursuant to the Share Option Scheme, the directors of the Company may invite Participants to take up options at a price determined by the board of directors provided that it shall be at least the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an offer is made by the Company to the grantee (which date must be a business day, "Offer Date"); (b) a price being the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the Offer Date; and (c) the nominal value of a share of the Company.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 41,500,000 shares, representing 10% of the total number of shares in issue as at 31 March 2016 unless the Company obtains a fresh approval from the shareholders to refresh the limit.

The maximum entitlement for any one Participant is that the total number of the shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue unless otherwise approved by the shareholders at a general meeting of the Company.

The option may be exercised in accordance with the terms of the Share Option Scheme at any time during the option period which would be determined and notified by the board of directors to the grantee at the time of making an offer.

On 15 July 2015, the Company offered to grant an aggregate of 25,000,000 share options to certain directors of the Company and employees of the Group. Fair value of these share options was calculated using the binomial model. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model were as follows:

Grant date share price	HK$1.1
Exercise price	HK$1.1
Exercisable period	50%: 15 July 2016 to 14 July 2017 50%: 15 July 2017 to 14 January 2018
Expected life	2 to 2.5 years
Expected volatility	56.37% to 59.58%
Dividend yield	2.82% to 2.85%
Risk-free interest rate	0.374% to 0.551%

Expected volatility was determined by using the historical volatility of comparable companies within the industry and listed in Hong Kong.

Dividend yield was determined with reference to historical dividend yields of comparable companies. Risk-free interest rate was determined based on two-year and three-year yields of Hong Kong Government bond curve at grant date.

During the current year, 1,124,000 share options were forfeited upon resignation of the employees. As at 31 March 2016, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 23,876,000, representing 5.8% of the shares of the Company as at 31 March 2016.

The estimated fair values of the options granted on 15 July 2015 was approximately HK$8,085,000. The share-based compensation recognised during the year ended 31 March 2016 was approximately HK$2,059,000 (2015: nil).

27. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the 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:

	2016 **HK$'000**	2015 HK$'000
Within one year	**1,116**	930
In the second to fifth year inclusive	**1,088**	113
	2,204	1,043

The leases are generally negotiated for lease terms ranging from 2 to 3 years at fixed rentals.

The Group as lessor

Property rental income earned during the year was HK$45,500 (2015: nil). The Group's investment property is held for rental purpose. The property held has committed tenant for one year.

At the end of the reporting periods, the Group had contracted tenant for the following future minimum lease payments:

	2016 **HK$'000**	2015 HK$'000
Within one year	**33**	–

28. 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$1,636,000 (2015: HK$1,809,000) for the year ended 31 March 2016.

29. RELATED PARTY DISCLOSURES

(I) Transactions

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

Name of related parties	Nature of transaction	2016 HK$'000	2015 HK$'000
Concordia Engineering Limited	Administrative charges (note a)	–	162
C&P (Holdings) Hong Kong Limited	Rental expense (note b)	564	65

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 Mr. Lo Yick Cheong and Mr. Lo Yuen Cheong, the directors of the Company 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 ceased to be a related party of the Group.

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

(b) C & P (Holdings) Hong Kong Limited is a related company in which Loh Sau Ling and a shareholder of the Company own its entire interest. The Group occupied the premises which are owned by C&P (Holdings) Hong Kong Limited as office free of charge of rental before November 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. In August 2015, the Group further entered into another written tenancy agreement for a term of three years at a monthly rent of HK$68,000.

(II) Balances and other transactions

Details of balances and other transactions with related parties are set out in notes 18 and 19. A personal guarantee provided by Mr. Lo Yuen Cheong and his wife in prior year is disclosed in note 23.

(III) Compensation of key management personnel

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

	2016 HK$'000	2015 HK$'000
Short term benefits	14,967	9,124
Post-employment benefits	108	66
	15,075	9,190

30. 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:

	2016	2015
	HK$'000	HK$'000
Issued by the Group's banks	**14,937**	15,985
Issued by an insurance institution	**3,370**	2,440
	18,307	18,425

31. 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**		**Principal activities**
			2016	2015	
Concentric — Hong Kong River	Hong Kong	Unincorporated	**51.00%**	51.00%	Construction and civil engineering
Paul Y — Concentric	Hong Kong	Unincorporated	**– (Note)**	49.00%	Construction and civil engineering
Penta Ocean — Concentric Alchmex	Hong Kong	Unincorporated	**26.00%**	26.00%	Construction and civil engineering

Note: Dissolved in March 2016

32. MAJOR NON-CASH TRANSACTION

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.

33. PARTICULARS OF MAJOR SUBSIDIARIES OF THE COMPANY

Name of subsidiary	**Place or incorporation/ operations**	**Paid up capital**	**Proportion of ownership interest held by the Company**		**Proportion of voting power held by the Company**		**Principal activities**
			2016	2015	**2016**	2015	
Peako	Hong Kong	Ordinary shares HK$18,800,000	**100%**	100%	**100%**	100%	Construction and civil engineering
Concentric	Hong Kong	Ordinary shares HK$14,800,000	**100%**	100%	**100%**	100%	Construction and civil engineering

None of the subsidiaries had issued any debt securities at the end of the year.

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Statement of financial position

At 31 March 2016

	2016 HK$'000	2015 HK$'000
Non-current asset		
Investments in subsidiaries	–*	–*
Current assets		
Amounts due from subsidiaries (note)	73,078	–
Other receivables	108	–
Bank balances and cash	4,781	30
	77,967	30
Current liabilities		
Other payables	342	125
Amounts due to subsidiaries (note)	–	2,104
	342	2,229
Total assets less current liabilities/Net assets (liabilities)	77,625	(2,199)
Capital and reserves		
Share capital	4,150	–
Reserves	73,475	(2,199)
Total equity (deficiency of total equity)	77,625	(2,199)

* Less than HK$1,000

Note: The amounts due from/to subsidiaries are unsecured, interest-free and repayable on demand. The Group expects to realise the amount within 12 months from the end of reporting period.

Movement in the Company's share capital and reserves

	Share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Issue of shares	–*	–	–	–	–
Loss for the year	–	–	–	(2,199)	(2,199)
At 31 March 2015 and 1 April 2015	–	–	–	(2,199)	(2,199)
Loss for the year	–	–	–	(6,560)	(6,560)
Issue of shares pursuant to the Share Offer	1,150	90,850	–	–	92,000
Share issued expenses	–	(7,675)	–	–	(7,675)
Capitalisation Issue	3,000	(3,000)	–	–	–
Share-based compensation	–	–	2,059	–	2,059
At 31 March 2016	4,150	80,175	2,059	(8,759)	77,625

* Less than HK$1,000

FINANCIAL SUMMARY

RESULTS

	2013 HK$'000	2014 HK$'000	2015 HK$'000	**2016** **HK$'000**
Revenue	255,330	201,030	260,845	**183,279**
Operating profit	33,912	48,850	48,660	**40,060**
Listing expenses	–	–	(7,089)	**(5,873)**
Finance costs	(131)	(264)	(203)	**(85)**
Profit before tax	33,781	48,586	41,368	**34,102**
Income tax expense	(5,432)	(7,876)	(6,383)	**(6,900)**
Profit for the year	28,349	40,710	34,985	**27,202**
Other comprehensive income	–	–	–	**1,193**
Total comprehensive income for the year attributable to owners of the Company	28,349	40,710	34,985	**28,395**
Earnings per share Basic and diluted (in HK cents)	10.80	15.51	12.66	**7.05**

FINANCIAL POSITION

	2013 HK$'000	2014 HK$'000	2015 HK$'000	**2016** **HK$'000**
Total assets	205,243	204,779	215,456	**314,666**
Total liabilities	103,157	94,743	73,613	**58,044**
Total equity	102,086	110,036	141,843	**256,622**

Note: The figures for the years ended 31 March 2013 and 2014 have been extracted from the Company's prospectus dated 19 June 2015.