Shun Wo Group Holdings Limited
汛和集團控股有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 1591

2017
ANNUAL REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Yan Hung *(Chairman)*
Mr. Wong Tony Yee Pong *(Chief executive officer)*
Mr. Lai Kwok Fai *(Chief operating officer)*
Mr. Lam Joseph Chok (Appointed on 25 May 2017)

Independent Non-Executive Directors

Mr. Law Ka Ho
Mr. Leung Wai Lim
Mr. Tam Wai Tak Victor

AUDIT COMMITTEE

Mr. Tam Wai Tak Victor *(Chairman)*
Mr. Law Ka Ho
Mr. Leung Wai Lim

REMUNERATION COMMITTEE

Mr. Law Ka Ho *(Chairman)*
Mr. Leung Wai Lim
Mr. Wong Tony Yee Pong

NOMINATION COMMITTEE

Mr. Wong Yan Hung *(Chairman)*
Mr. Law Ka Ho
Mr. Tam Wai Tak Victor

COMPANY SECRETARY

Mr. Chui Gary Wing Yue

AUTHORISED REPRESENTATIVES

Mr. Wong Tony Yee Pong
Mr. Chui Gary Wing Yue

REGISTERED OFFICE

PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

26th Floor, Lancashire Centre
361 Shaukeiwan Road, Hong Kong

COMPLIANCE ADVISER

Dakin Capital Limited
Room 2701, 27/F., Tower 1
Admiralty Centre
18 Harcourt Road
Hong Kong

LEGAL ADVISER

David Fong & Co.
Solicitors, Hong Kong
Unit A, 12/F.
China Overseas Building
139 Hennessy Road
Wan Chai
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
31/F., 148 Electric Road
North Point
Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F., Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

PRINCIPAL BANK

Bank of China (Hong Kong) Limited

COMPANY'S WEBSITE

www.shunwogroup.com

STOCK CODE

1591

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Shun Wo Group Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), I would like to present to our shareholders the first annual report of the Group for the year ended 31 March 2017 (the "**Review Year**").

The Company was successfully listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 September 2016 (the "**Listing date**"). The Listing was an important milestone in our Group's history as it not only enhanced our corporate image, but also helped us to establish better recognition in the industry, broaden our client base, cope with our business development and provide sufficient capital for our expansion.

The Group is principally engaged in the foundation business in Hong Kong. For the Review Year, the Group recorded revenue of approximately HK$218.6 million, representing an increase of approximately 13.7% as compared to the corresponding year ended 31 March 2016. Profit attributable to owners of the Company for the Review Year before taking into account the listing expenses was approximately HK$27.4 million. After taking into account the aforesaid listing expenses, profit attributable to owners of the Company for the Review Year was approximately HK$18.2 million.

With the intensified competition in the foundation industry in Hong Kong, as well as the tight labour market in the construction industry and the increase in the costs of staff and raw materials, the Group is facing new challenges ahead. Despite the current market condition, I am optimistic about the prospects of the Group due to its well established presence, dedicated management and proven ability. The Group will continue to focus on its core business and prepare for future opportunities, while maximising our shareholders' value.

Lastly, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our management team and staff for their hard work and contributions, and to our shareholders, investors and business partners for their trust and support.

The Board does not recommend the declaration of final dividend for the Review Year.

Wong Yan Hung
Chairman

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

The Group has more than 20 years history in Hong Kong foundation industry, specialising in excavation and lateral support works, socketed H-piling and mini-piling works and pile caps construction works. Hop Kee Construction Company Limited, the principal operating subsidiary, is registered under the Buildings Ordinance as a Registered Specialist Contractor under the sub-register of "Foundation Works" category since December 2009.

During the Review Year and up to the date of this report, the Group had been awarded 13 projects with original contract sum of approximately HK$165.1 million and had completed 14 projects with original contract sum of approximately HK$177.4 million.

As at 31 March 2017, the Group had a total of 11 ongoing projects (including projects that have commenced but not completed as well as projects that have been awarded but not yet commenced) and the original contract sum of these projects are approximately HK$238.8 million.

According to the announcement of 2017 Policy Address, expediting and increasing supply of housing stock is the ultimate solution to address the housing-related issues. The projected supply of first hand residential private housing for the coming three to four years is about 90,000 units, which is a record high since the Government's regular release of supply statistics 12 years ago. As the Government will continue to increase the housing supply, the Group believes that more foundation projects will be launched in the near future.

Although certain unfavourable variables including keen competition in the foundation industry and high cost of production may exert pressure on the business of the Group, the Group will strive to implement stringent control over the production cost in order to achieve stable profit growth of the Group. Meanwhile, the Group will continue to strengthen its market position and remain positive for the future.

FINANCIAL REVIEW

Revenue

For the Review Year, the revenue of the Group has increased by approximately HK$26.4 million, or approximately 13.7% compared to the corresponding year ended 31 March 2016, from approximately HK$192.2 million to approximately HK$218.6 million. The increase was primarily due to the increase in number of foundation projects undertaken by the Group during the Review Year.

Gross Profit and Gross Profit Margin

For the Review Year, the gross profit of the Group has increased by approximately HK$5.5 million, or approximately 12.0% compared to the corresponding year ended 31 March 2016, from approximately HK$45.7 million to approximately HK$51.2 million. The increase in gross profit was mainly due to the increase in revenue as discussed above. The gross profit margin was approximately 23.4%, which was similar to the gross profit margin for the corresponding year ended 31 March 2016.

Administrative Expenses

For the Review Year, the administrative and other operating expenses have increased by approximately HK$14.2 million or approximately 101.4% compared to the corresponding year ended 31 March 2016, from approximately HK$14.0 million to approximately HK$28.2 million. The increase was primarily due to the recognition of the one-off listing expenses during the Review Year.

Finance Cost

For the Review Year, the finance cost has increased by approximately HK$152,000 or approximately 53.7% compared to the corresponding year ended 31 March 2016, from approximately HK$283,000 to approximately HK$435,000. The increase was primarily due to the increase in our obligations under finance lease to finance the purchase of machinery during the Review Year as compared to the corresponding year ended 31 March 2016.

Profit attributable to owners of the Company

For the Review Year, the profit attributable to owners of the Company has decreased by approximately HK$7.4 million or approximately 28.9% compared to the corresponding year ended 31 March 2016, from approximately HK$25.6 million to approximately HK$18.2 million. The decrease was primarily due to the one-off listing expenses of approximately HK$9.2 million. If the one-off listing expenses are not taken into account, the Group would have an adjusted net profit of approximately HK$27.4 million.

Key Financial Ratio

	Notes	**As at 31 March 2017**	As at 31 March 2016
Current ratio	(1)	**10.6x**	2.4x
Gearing ratio	(2)	**5.0%**	22.5%

	Notes	**For the year ended 31 March 2017**	For the year ended 31 March 2016
Return on total assets	(3)	**10.3%**	23.8%
Return on equity	(4)	**11.6%**	41.2%
Net profit margin	(5)	**8.3%**	13.3%

Notes:

(1) Current ratio is calculated as current assets divided by current liabilities as at the respective reporting dates.

(2) Gearing ratio is calculated as total bank borrowings (including finance lease liabilities) divided by the total equity as at the respective reporting dates.

(3) Return on total assets is calculated as profit for the year divided by the total assets as of the respective reporting dates.

(4) Return on equity is calculated as profit for the year divided by the total equity as of the respective reporting dates.

(5) Net profit margin is calculated as profit divided by the revenue for the respective reporting years.

Management Discussion and Analysis

Current ratio

Our Group's current ratio increased from approximately 2.4 times as at 31 March 2016 to approximately 10.6 times as at 31 March 2017. The increase was due to the increase in bank balance from the net proceeds received from the Listing by the Company on 28 September 2016.

Gearing ratio

Our Group's gearing ratio decreased from approximately 22.5% as at 31 March 2016 to approximately 5.0% as at 31 March 2017. The decrease was primarily due to the enlarged share capital of the Group as a result of the issuance of significant number of shares of the Company (the "**Shares**") in relation to the Listing.

Return on total assets

Our Group's return on total assets decreased from approximately 23.8% for the year ended 31 March 2016 to approximately 10.3% for the Review Year. The decrease was due to the increase in total assets, mainly bank balance from the net proceeds received from the Listing by the Company on 28 September 2016.

Return on equity

Our Group's return on equity decreased from approximately 41.2% for the year ended 31 March 2016 to approximately 11.6% for the Review Year. The decrease was primarily due to the enlarged share capital (equity) of the Group as a result of the issuance of significant number of Shares in relation to the Listing.

Net profit margin

Our Group's net profit margin decreased from approximately 13.3% for the year ended 31 March 2016 to approximately 8.3% for the Review Year. The decrease was primarily due to the one-off listing expenses of approximately HK$9.2 million. If the one-off listing expenses are not taken into account, the Group would have an adjusted net profit margin of approximately 12.5%.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors are aware that the Group is exposed to various risks and uncertainties. The following are the key risks and uncertainties faced by the Group:

Industry Risks

The future development of the foundation industry and the availability of foundation projects in Hong Kong depends largely on the continued development of the property market in Hong Kong. The nature, extent and timing of available foundation projects will be determined by an interplay of a variety of factors, including the Government's policies on the property market, land supply and public housing policy, the investment of property developers and the general conditions and prospect of Hong Kong's economy. Any slowdown of the property market may affect the availability of foundation projects in Hong Kong and have a material and adverse impact on our Group's business.

Compliance Risks

Due to the nature of foundation industry, many aspects of the Group's business operation are governed by various laws and regulations and Government policies. The requirements in respect of the granting and/or renewal of various licences and qualifications may change from time to time, and there is no assurance that the Group will be able to respond to such changes in a timely manner. Such changes may also increase the costs and burden in complying with them, which may materially and adversely affect the Group's business, financial condition and results of operation.

Uncertainties in Construction Progress

(1) unexpected geological or sub-soil conditions

Prior to commencement of the foundation works, the customers would normally provide ground investigation reports to the Group. However, information contained in these reports may not be sufficient to reveal the actual geology beneath the construction site due to limitation in the scope of the underground investigation works that can be carried out at the site and/or other technical limitations. There may be discrepancies between the actual geological conditions and the findings set out in these investigation reports, and the investigation may not be able to reveal the existence of rocks or to identify any antiquities, monuments or structures beneath the site.

All these may eventually present potential issues and uncertainties in the carrying out of our foundations works, such as the possible increase in the complexity of the project resulting from additional work procedures, workers, equipment and times required to deal with any unexpected existence of rocks, antiquities or monuments, which may also lead to additional costs to be incurred. Nevertheless, in case of any significant unexpected difficult geological or sub-soil conditions, the Group may incur additional costs in dealing with such unforeseen conditions, which may lead to cost overruns and may thus materially and adversely affect the Group's business operation and financial position.

(2) damage of various underground service utilities

Services utilities may be laid underground or below carriageways and footways in Hong Kong. The Group may be obstructed by those service utilities when carrying out foundation works. There is no assurance that damage to those utilities will not occur during the foundation works. Accordingly, the Group may be liable to the costs for the repair of such damaged service utilities to the extent not covered by insurance.

Failure to Guarantee New Business

Revenue is typically derived from projects which are non-recurrent in nature. As the Group does not enter into long-term agreements with the customers, there is no guarantee that the Group will be able to secure new businesses from customers. The number and scale of projects from which the Group derives revenue from may vary significantly from period to period, and it may be difficult to forecast the volume of future business. In the event that the Group fails to secure new contracts or there is a significant decrease in the number of tender invitations or contracts available for bidding in the future, the business and financial positions and prospect of the Group could be materially and adversely affected.

ENVIRONMENTAL POLICIES

In undertaking foundation works, the Group may cause (i) emission of air pollutants; (ii) emission of noise from construction activities; and (iii) disposal of construction waste. Therefore, the foundation works are subject to the requirements of the following laws and regulations in relation to the environmental protection.

The laws and regulations which have a significant impact on the Group includes, among others, Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Chapter 311Z of the Laws of Hong Kong), Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), Dumping at Sea Ordinance (Chapter 466 of the Laws of Hong Kong), Environmental Impact Assessment Ordinance (Chapter 499 of the Laws of Hong Kong) and Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong).

Management Discussion and Analysis

The Group places an emphasis on environmental protection when undertaking its projects. The Group has implemented an environmental management system which was certified to be in compliance with the standard required under ISO 14001:2015. Besides that, the Group has also established environmental management policy to ensure proper management of environmental protection and compliance of environmental laws and regulations by employees and workers of the sub-contractors.

In order to promote environmental awareness with the business partners, the Group reviews their sub-contractors regularly with environmental contribution being one of the criteria, higher priority is given to sub-contractors possessing ISO 14001 certification.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the Review Year, as far as the Board and the management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has material impact on the business and operation of the Group.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND SUB-CONTRACTORS

Employees

The Group considers its employees the key to sustainable business growth and also recognises its employees as its valuable assets. The Group provides comprehensive remuneration package to attract, motivate and retain appropriate and suitable employees to serve the Group. The Group has in place a fair and effective performance appraisal system and incentive bonus scheme designed to motivate and reward employees at all levels to deliver their best performance and achieve targets. The Group also provides on-the-job training and development opportunities to enhance its employees' career development and learning.

Customers

The Group are aware of the risk of customer concentration, and sought to reduce the reliance on major customer by undertaking more sizable projects for other customers.

Besides that, the Group believes a strong and good relationship with customers would increase its recognition and visibility in the foundation industry. As such, the Group values the views and opinions of all customers through various means and channels, including regular review and analysis on customer feedback.

The Group also believes that a strong and good relationship with customers can further develop new business opportunities in the foundation industry.

Suppliers and Sub-contractors

The Group has developed stable and strong working relationships with suppliers and sub-contractors to meet the Group's customers' needs in an effective and efficient manner. The Group works closely with the suppliers and sub-contractors to make sure the tendering, procurement and sub-contracting are conducted in an open, fair and just manner. The Group's requirements and standards are also well-communicated to them before the commencement of the project.

LIQUIDITY, FINANCIAL POSITION AND CAPITAL STRUCTURE

The Shares of the Company were successfully listed on the Main Board of the Stock Exchange on 28 September 2016 and there has been no change in capital structure of the Group since then.

As at 31 March 2017, the Group had total cash and cash equivalents and bank deposits of approximately HK$92.1 million (31 March 2016: approximately HK$29.6 million). The increase was due to the net proceeds received from the Listing by the Company on 28 September 2016.

As at 31 March 2017, the gearing ratio of the Group, calculated by total bank borrowings (including finance lease liabilities) as a percentage of total equity was approximately 5.0% (31 March 2016: approximately 22.5%). The decrease was primarily due to the enlarged share capital of the Group as a result of the issuance of significant number of Shares in relation to the Listing.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards it treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

PLEDGE OF ASSETS

As at 31 March 2017, the Group had approximately HK$3.7 million of pledge bank deposits (31 March 2016: approximately HK$3.7 million), while approximately HK$10.7 million of net book value of our plant, machinery and equipment were pledged under finance leases (31 March 2016: approximately HK$15.8 million of net book value of our plant, machinery and equipment and motor vehicles were pledged under finance leases).

EXPOSURE TO FOREIGN EXCHANGE RATE RISKS

As the Group only operates in Hong Kong and all of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the Directors are of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk for the Review Year.

CAPITAL EXPENDITURE

During the Review Year, the Group invested approximately HK$5.1 million in the purchase of property, plant and equipment. All these capital expenditures were financed by internal resources.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2017, the Group had no material capital commitments or contingent liabilities.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Review Year, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies apart from the corporate reorganisation (the "**Reorganisation**") as disclosed in the prospectus of the Company dated 12 September 2016 (the "**Prospectus**").

SIGNIFICANT INVESTMENT

During the Review Year, the Group had no significant investment.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed under the section headed "Use of Proceeds", the Group did not have any other plans for material investments or capital assets during the Review Year.

USE OF PROCEEDS

The net proceeds received by the Group, after deducting related expenses were approximately HK$84.2 million. These proceeds are intended to be applied in accordance with the proposed application set put in the paragraph headed "Future Plans and Use of Proceeds" to the Prospectus. Such uses include: (i) acquisition of excavators, cranes and breakers; (ii) strengthening the workforce and manpower; (iii) increasing marketing efforts; and (iv) funding of general working capital. Details of the use of the proceeds are listed as below:

	Planned use of proceeds up to 31 March 2017 HK$'000	Actual Usage up to 31 March 2017 HK$'000
Acquisition of excavators, cranes and breakers	**20,000**	4,049
Strengthening the workforce and manpower	**2,700**	1,007
Increasing marketing efforts	**600**	600
Funding of general working capital	**8,000**	8,000
Total	**31,300**	13,656

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2017, the Group employed a total of 54 full-time employees (including executive Directors), as compared to a total of 86 full-time employees as at 31 March 2016. Remuneration is determined with reference to the market terms and the performance, qualifications and experience of the individual employee. In addition to basic salary, performance-linked bonus is offered to those staff with special contributions to the Group, in order to attract and retain capable employees. The total remuneration cost incurred by the Group for the Review Year was approximately HK$31.3 million compared to approximately HK$27.8 million in the corresponding year ended 31 March 2016.

The remuneration of the Directors are decided by the Board upon the recommendation from the remuneration committee of the Company having regard to the Group's operating results, individual performance and comparable market statistics.

Biographical Details of the Directors and Senior Management

Biographical Details of the Directors and Senior Management are set out as follows:

DIRECTORS

Executive Directors

Mr. WONG Yan Hung (黃仁雄) ("**Mr. YH Wong**"), aged 58, is one of the controlling shareholders, the chairman of the Board and an executive Director of the Group. He joined the Group in June 1995 and is the founder of the Group. He is also a director of each and every wholly-owned subsidiary of the Group.

Mr. YH Wong is responsible for the overall business development as well as financial and strategic planning of the Group. He has more than 20 years of experience in the foundation industry. He is the father of Mr. Tony Wong. For Mr. YH Wong's interest in the Shares within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**"), please refer to the section headed "Directors' Report" in this report.

Mr. WONG Tony Yee Pong (黃義邦) (former name: WONG Yee Pong (黃義邦)) ("**Mr. Tony Wong**"), aged 34, is one of the controlling shareholders, the chief executive officer and an executive Director of the Group. He joined the Group in March 2008. He is also a director of each and every wholly-owned subsidiary of the Group.

Mr. Tony Wong is mainly responsible for the overall management of the business operation as well as project management and supervision. He has more than eight years of experience in the foundation industry and obtained his degree of Bachelor of Science from Simon Fraser University in Canada in February 2008. He is the son of Mr. YH Wong. For Mr. Tony Wong's interest in the Shares within the meaning of Part XV of the SFO, please refer to the section headed "Directors' Report" in this report.

Mr. LAI Kwok Fai (黎國輝) ("**Mr. Lai**"), aged 58, is one of the controlling shareholders, the chief operating officer and an executive Director of the Group. He joined the Group in May 1996. He is also a director of each and every wholly-owned subsidiary of the Group.

Mr. Lai is mainly responsible for the overall business operation and strategic planning of the Group. He has more than 20 years of experience in the foundation industry. For Mr. Lai's interest in the Shares within the meaning of Part XV of the SFO, please refer to the section headed "Directors' Report" in this report.

Mr. LAM Joseph Chok (林作) ("**Mr. Lam**"), aged 27, is an executive Director of the Group. He joined the Group in May 2017.

Mr. Lam is responsible for providing strategic advice on our corporate governance and compliance matters. He obtained a Master of Laws and the Postgraduate Certificate in Laws from The University of Hong Kong respectively in 2013 and 2014, and a Bachelor of Arts in Mathematics from The University of Oxford in 2011.

Biographical Details of the Directors and Senior Management

Independent non-executive Directors

Mr. TAM Wai Tak Victor (譚偉德) ("**Mr. Tam**"), aged 39, was appointed as the independent non-executive Director of the Group in September 2016. He graduated with a degree of Bachelor of Arts in accounting & finance (first class honours) from the University of Glamorgan (now known as the University of South Wales) in June 2001. He was admitted as a fellow member of the Association of Chartered Certified Accountants in February 2010 and a member of the Hong Kong Institute of Certified Public Accountants in July 2005.

Mr. Tam has more than 15 years of experience in the field of auditing, accounting and financial management. From January 2002 to February 2005, He was employed as an audit assistant at an audit firm in Hong Kong and was subsequently promoted to senior auditor. From April 2005 to January 2010, he worked at Grant Thornton at which his last position was manager. From January 2010 to November 2010, he served as a financial controller for a private company. From January 2011 to January 2013, he worked at BDO Limited at which his last position was senior manager. Since January 2013, he has joined the group of Differ Group Holding Company Limited (stock code: 6878), the shares of which are listed on the Main Board of the Stock Exchange, with his current position as financial controller.

Mr. LEUNG Wai Lim (梁唯廉) ("**Mr. Leung**"), aged 44, was appointed as the independent non-executive Director of the Group in September 2016. He is an adjudicator appointed to the Panel of Adjudicators (Control of Obscene and Indecent Articles) (established under the Control of Obscene and Indecent Articles Ordinance (Chapter 390 of the Laws of Hong Kong)) and a member of the Board of Review (Inland Revenue Ordinance) in Hong Kong.

Mr. Leung has over 15 years of law related working experience. He was employed by DLA Piper from February 2001 to April 2009 at which his last position was partner. He was then employed by Evershed from May 2009 to April 2015 at which his last position was partner. He is a partner of Howse Williams Bowers since May 2015. Mr. Leung obtained a bachelor's degree in law from University of Wales in United Kingdom in July 1995. He was admitted to practise law as a solicitor in Hong Kong in August 1999 and in England and Wales in April 2001.

Mr. LAW Ka Ho (羅嘉豪) ("**Mr. Law**"), aged 34, was appointed as the independent non-executive Director of the Group in September 2016. He obtained a degree of Bachelor of Business Administration from the Chinese University of Hong Kong in December 2004. He was admitted as a member of the Association of Chartered Certified Accountants in November 2008 and a member of the Hong Kong Institute of Certified Public Accountants in January 2013.

From July 2004 to August 2005, Mr. Law was employed as an audit trainee by Chan Chee Cheng & Co. Certified Public Accountants. From August 2005 to February 2006, he served as an accountant in HLB Hodgson Impey Cheng. He subsequently joined Shu Lun Pan Hong Kong CPA Limited from February 2006 to April 2009 at which his last position was audit senior. In May 2009, he joined BDO Limited as a senior associate and was subsequently promoted to a manager in October 2010 until he left the firm in May 2014. Since December 2014, he has joined the group of Hao Tian International Construction Investment Group Limited (formerly known as Clear Lift Holdings Limited) (stock code: 1341), the shares of which are listed on the Main Board of the Stock Exchange, with his current position as financial controller.

Senior Management

Mr. SHUM Kwo Foo (岑果夫) ("**Mr. Shum**"), aged 68, is the technical director and joined the Group in August 2008. He is mainly responsible for supervising and providing technical support to the performance of foundation works. He is also a director of Hop Kee Construction Company Limited.

Mr. Shum has over 38 years of experience in the construction industry and obtained a degree of Bachelor of Science in engineering from The University of Hong Kong in October 1971. He was admitted as a member of the Institution of Structural Engineer in June 1977, a member of the Hong Kong Institution of Engineers in March 1979 and a member of the Institution of Civil Engineer in June 1981. He is included in the Authorised Person's Register (List of Engineers), Structural Engineers' Register and Geotechnical Engineers' Register kept under section 3 of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong). He is also a registered professional engineer registered with the Engineers Registration Board under the Engineers Registration Ordinance (Chapter 409 of the Laws of Hong Kong).

Mr. CHAU Kai Keung (周佳強) ("**Mr. Chau**"), aged 75, is the contract manager and joined the Group in October 1995, left in December 2011 and re-joined the Group in April 2015. He is mainly responsible for project management and supervision.

Mr. Chau has over 50 years of experience in the construction industry and obtained a degree of Bachelor of Engineering in civil engineering from the Taiwan Provincial Cheng Kung University (now known as the National Cheng Kung University) in Taiwan in July 1963.

Mr. CHUI Gary Wing Yue (徐永裕) ("**Mr. Chui**"), aged 41, is the financial controller and the company secretary and joined the Group in August 2015. He is mainly responsible for overseeing the financial reporting, financial planning, treasury and financial control and company secretarial matters.

Mr. Chui has over 19 years of experience in auditing, accounting, financial management, taxation and treasury. He obtained a degree of Bachelor of Commerce in accounting and finance from the University of New South Wales in Australia in October 1998 and a degree of Master of Economics in finance from the Jinan University (暨南大學) in the PRC in December 2012. He is a member of certified practising accountant of the CPA Australia and the Hong Kong Institute of Certified Public Accountants.

Corporate Governance Report

The Group is committed to maintaining good corporate governance to safeguard the interest of shareholders and to achieve effective accountability because the Group believes that is the best way to maximise our shareholder's value.

The Company has adopted the corporate governance code (the "**CG code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). To the best knowledge of the Board, the Company has complied with the CG code during the period from the Listing date to 31 March 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the required Model Code's standard during the period from the Listing date to 31 March 2017.

THE BOARD

Composition

As at the date of this report, the Board is chaired by Mr. Wong Yan Hung and comprised of seven members including four executive Directors and three independent non-executive Directors.

Biographical details of the Directors are set out in the section headed "Biographical Details of the Directors and Senior Management" in this report. Save for Mr. Wong Yan Hung being the father of Mr. Wong Tony Yee Pong, there are no financial, business, family or other material/relevant relationships among members of the Board.

Executive Directors
Mr. Wong Yan Hung *(Chairman)*
Mr. Wong Tony Yee Pong *(Chief executive officer)*
Mr. Lai Kwok Fai *(Chief operating officer)*
Mr. Lam Joseph Chok *(Appointed on 25 May 2017)*

Independent non-executive Directors
Mr. Law Ka Ho
Mr. Leung Wai Lim
Mr. Tam Wai Tak Victor

Board Diversity Policy

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") since the Listing date. The summary of the Board Diversity Policy is disclosed as below:

- the Company recognises the benefits of having a diverse Board to enhance the quality and effectiveness of the Board;

- in designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

- all Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board;

- the selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board; and

- the nomination committee of the Board will report on the Board's composition under diversified perspectives, monitor the implementation of the Board Diversity Policy, review the Board Diversity Policy to ensure effectiveness and recommend for any revisions to the Board for consideration and approval.

Chairman and Chief Executive Officer

To ensure a balance of power and authority, the position of the chairman and chief executive officer of the Company are held by different individuals. Mr. Wong Yan Hung is the chairman and Mr. Wong Tony Yee Pong is the chief executive officer. The primary role of the chairman is to provide leadership for the Board and to ensure it works effectively in discharging its responsibilities. The chief executive officer is responsible for the day-to-day management of the Group's business.

Independent Non-executive Directors

Since the Listing date and up to date of this report, the Company has three independent non-executive Directors representing more than one-third of the Board, which is in compliance with rules 3.10(1) and 3.10A of the Listing Rules. Two of the independent non-executive Directors, namely Mr. Law Ka Ho and Mr. Tam Wai Tak Victor, both possessing professional accounting qualifications, or accounting or related financial management expertise, which is in compliance with rules 3.10(2) of the Listing Rules.

Appointment, Re-election and Removal of Directors

Each of the executive and independent non-executive Directors has entered into a service agreement or a letter of appointment with the Company for a specific term and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the amended and restated memorandum and articles of association (the "**Restated Articles**").

In accordance with article 108 of the Restated Articles, at each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

In accordance with article 112 of the Restated Articles, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with article 108 and 112 of the Restated Articles, all Directors, namely Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong, Mr. Lai Kowk Fai, Mr. Lam Joseph Chok, Mr. Law Ka Ho, Mr. Leung Wai Lim and Mr. Tam Wai Tak Victor will retire from office as Directors at the forthcoming annual general meeting of the Company, being eligible, and offer themselves for re-election.

Corporate Governance Report

Role and Responsibilities

The Board is responsible for the overall management of the Group and all day-to-day operations and management of the Company's business has been delegated to management under the leadership of the chief executive officer of the Company.

The principal roles of the Board are:

- set long term objectives and strategies;
- approve major policies and guidelines;
- prepare and approve financial statements, annual report and interim report;
- approve major capital expenditures, acquisition and disposals;
- approve connected transactions;
- approve material borrowings and expenditures;
- review and monitor of internal control and risk management; and
- declare and recommend the payments of dividends.

The Board is also responsible for the corporate governance functions of the Company, which includes:

- develop and review the Company's policies and practices on corporate governance;
- review and monitor the training and continuous professional development of directors and senior management;
- review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- develop, review and monitor the code of conduct and compliance manual applicable to employees and directors; and
- review the Company's compliance with the CG Code and disclosure in the corporate governance report.

Directors' Insurance

The Company has arranged appropriate insurance coverage for all directors in relation to the discharge of their responsibilities.

Directors' Training and Professional Development

The Company, from time to time, provides in-house trainings for the Directors in the form of seminars, workshops and/or reading relevant material on the latest development of applicable laws, rules and regulations, management, financial and business issues to develop and refresh their knowledge and skills. The above training costs are borne by the Company.

The Directors are required to provide the Company with details of the training's records. Based on those training's record, the Directors received the following training during the Review Year:

	Type of training	
Directors:	**Reading and/or on-line studying**	**Seminars and/or workshops**
Mr. Wong Yan Hung	✓	✓
Mr. Wong Tony Yee Pong	✓	✓
Mr. Lai Kwok Fai	✓	✓
Mr. Law Ka Ho	✓	✓
Mr. Leung Wai Lim	✓	✓
Mr. Tam Wai Tak Victor	✓	✓

Board Process

The Company has in place clear board process. Regular board meetings are scheduled at least four times per year. Directors receive at least 14 days' prior written notice of regular Board meetings and agenda. The Board papers, including supporting analysis and relevant background information, are normally sent to all Directors at least 3 days before the Board meeting. For other Board meetings, Directors are given as much as notice as possible in the circumstances. Directors may include any matters they wish to discuss in the agenda.

Minutes of the Board and committee meetings are prepared and kept by the company secretary of the Company, and are open for inspection by Directors upon request. All Directors have access to the advice and services of the company secretary, and are allowed to seek external professional advice if needed.

During the period from the Listing date to 31 March 2017, the Board held one meeting and the attendance record of each member of the Board is set out below:

	Meetings attended/ Eligible to attend
Executive Directors:	
Mr. Wong Yan Hung	1/1
Mr. Wong Tony Yee Pong	1/1
Mr. Lai Kwok Fai	1/1
Mr. Lam Joseph Chok (Appointed on 25 May 2017)	–
Independent Non-executive Directors:	
Mr. Law Ka Ho	1/1
Mr. Leung Wai Lim	1/1
Mr. Tam Wai Tak Victor	1/1

BOARD COMMITTEES

To facilitate the work of the Board, the Board has established three board committees to oversee specific aspects of the Company's affairs, namely audit committee (the "**Audit Committee**"), remuneration committee (the "**Remuneration Committee**") and nomination committee (the "**Nomination Committee**"). Each board of committee has its own terms of reference relating to its authority and duties, which have been approved by the Board and are reviewed periodically. The terms of reference of each committee are available on the websites of the Company and the Stock Exchange.

Each board of committee has been provided with sufficient resources to discharge its duties and, upon reasonable request, is able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Audit Committee

The Company established an Audit Committee on 3 September 2016 with written terms of reference in compliance with the CG code. The primary duties of the Audit Committee are to review the financial information of the Group, oversee the Group's financial report system, risk management and internal control procedures, provide advice and comments to the Board, and monitor the independence and objective of the external auditors and perform the corporate governance function.

The Audit Committee consists of three members who are all independent non-executive Directors, namely, Mr. Tam Wai Tak Victor, Mr. Law Ka Ho and Mr. Leung Wai Lim. Mr. Tam Wai Tak Victor is the Chairman of the Audit Committee.

During the period from the Listing date to 31 March 2017, the Audit Committee held one meeting and the attendance record of each member of the Audit Committee is set out below:

Name of committee members	Meetings attended/ Eligible to attend
Mr. Tam Wai Tak Victor *(Chairman)*	1/1
Mr. Law Ka Ho	1/1
Mr. Leung Wai Lim	1/1

Subsequent to the Review Year and up to the date of this report, the Audit Committee held one meeting in June 2017, and the following is a summary of the work performed by the Audit Committee since the Listing date and up to the date of this report:

- reviewed the interim results of the Group for the six months period ended 30 September 2016;
- reviewed the annual results of the Group for the year ended 31 March 2017;
- reviewed the Group's financial information, financial report system, risk management and internal control procedures;
- reviewed the Company's Auditors' independence and objective;
- made recommendations to the Board on the re-appointment of the Company's external auditors;
- approved the remuneration and terms of engagement of the Company's external auditors;
- reviewed the Company's external auditors' management letter, significant findings and recommendations;

- reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- reviewed and discussed the reports from the Company's external consultant with the management;
- approved the Company's internal control plans for 2017; and
- met with the Company's external auditors, in the absence of the management.

There had been no disagreement between the Board and the Audit Committee from the Listing date and up to this date of this report.

Remuneration Committee

The Company established a Remuneration Committee on 3 September 2016 with written terms of reference in compliance with the CG code. The primary duties of the Remuneration Committee are to review and make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management, and make recommendations on the management remuneration proposals with reference to the corporate goals and objectives of the Board.

The Remuneration Committee consists of an executive Director, namely Mr. Wong Tony Yee Pong and two independent non-executive Directors, namely Mr. Law Ka Ho and Mr. Leung Wai Lim. Mr. Law Ka Ho is the Chairman of the Remuneration Committee.

The remuneration of the Directors and senior management is determined with reference to the responsibilities, workload, the time devoted and the performance of the Group. The Remuneration Committee also ensures that no individual will be involved in determining his own remuneration.

During the Review Year, the remuneration of senior management is listed as below by band:

Band of remuneration (HKS)	No. of person
HK$0 to HK$1,000,000	3

Further details of the remuneration of the Directors and the 5 highest paid employees is set out in note 8 to the consolidated financial statements.

During the period from the Listing date to 31 March 2017, the Remuneration Committee held one meeting and the attendance record of each member of the Remuneration Committee is set out below:

Name of committee members	Meetings attended/ Eligible to attend
Mr. Law Ka Ho *(Chairman)*	1/1
Mr. Leung Wai Lim	1/1
Mr. Wong Tony Yee Pong	1/1

The following is a summary of the work performed by the Remuneration Committee during the period from the Listing date to 31 March 2017:

- considered the remuneration paid to directors and senior management with reference to their responsibilities, workload, the time devoted and the performance of the Group, as well as remuneration paid by other comparable listed companies;
- reviewed and made recommendations on the management remuneration proposals with reference to the corporate goals and objectives of the Board; and
- made recommendations to the Board on the remuneration of independent non-executive Directors.

Nomination Committee

The Company established a Nomination Committee on 3 September 2016 with written terms of reference in compliance with the CG code. The primary duties of the Nomination Committee are to review the structure, size, composition and diversity of the Board, access the independence of the independent non-executive Directors and make recommendations to the Board regarding appointment of board members and senior management of the Group.

The Nomination Committee consists of an executive Director, namely Mr. Wong Yan Hung and two independent non-executive Directors, namely Mr. Law Ka Ho and Mr. Tam Wai Tak Victor. Mr. Wong Yan Hung is the Chairman of the Nomination Committee.

No meeting of Nomination Committee was held during the period for the Listing date to 31 March 2017.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group. The Directors also acknowledge their responsibility to ensure the financial statements are published in a timely manner. The Directors are not aware of any material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

The Auditors' reporting responsibilities are set out in the section headed "Independent Auditors' Report" in this report.

AUDITORS' REMUNERATION

For the Review Year, the fee paid/payable to HLB Hodgson Impey Cheng Limited by the Group, is set out as follows:

	HK$
Audit services	750,000
Non-audit services	2,597,000

The amount of fee incurred for the non-audit services mainly included HK$2,380,000 of the service fee paid to HLB Hodgson Impey Cheng Limited as the reporting accountant of the Company in relation to the Listing. The Audit Committee was satisfied that non-audit services for the Review Year did not affect the independence of the auditors.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the Company's risk management and internal control systems, and for reviewing its effectiveness.

In meeting its responsibility, the departmental heads of the Group have to complete a risk management and internal control self-assessment questionnaires, identify and evaluate those significant risks and confirm to the management that appropriate internal control policies and procedures have been established and properly complied with. The management then reviewed the findings and summarised all material issues to the Board and Audit Committee annually.

The Group has established guidelines and procedures for the approval and control of expenditures, to ensure the reliability of the financial reporting, effectiveness and efficiency of operation and the compliance with applicable laws and regulations. Whilst these guidelines and procedures are designed to identify and manage risks that could adversely impact the achievement of the Group's business objectives, they do not provide absolute assurance against material mis-statement, errors, losses, fraud or non-compliance.

Although the Company does not has internal audit function, the Board has put in place adequate measures to perform the internal audit function at different aspects of the Group. The Group has engaged CT Partners Consultants Limited to review the effectiveness and efficiency of the Group's risk management and internal control systems in relation to the financial, operational and compliance controls, and the results were summarised and discussed with the Audit Committee and the Board. The Audit Committee and the Board are satisfied with the effectiveness and adequacy of the risk management and internal control systems of the Group.

INSIDE INFORMATION POLICY

The Company has established policy for ensuring that inside information is disseminated to the public in an equal and timely manner in accordance with applicable laws and regulations. Procedures such as limit access to inside information to those who need to know and requiring external parties to execute confidentiality agreement have been implemented by the Company to guard against mishandling of inside information. The Company also reminds those relevant personnel and other professional parties to preserve confidentiality of the inside information until it is publicly disclosed.

COMPANY SECRETARY

The Company has appointed Mr. Chui Gary Wing Yue, who is responsible for facilitating the Board process, as well as communications among the Directors, with shareholders and management. Mr. Chui has confirmed that for the Review Year, he has taken no less than 15 hours of professional training to upgrade his skills and knowledge. The biography of Mr. Chui is set out in the section headed "Biographical Details of the Directors and Senior Management" in this report.

SHAREHOLDERS' RIGHTS

Procedures for Convening General Meetings by Shareholders

Pursuant to Article 64 of the Restated Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting.

Extraordinary general meetings shall also be convened on the requisition of one or more shareholder holding, at the date of deposit of requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings.

Such requisition shall be made in writing to the Board or the Company Secretary by mail at 26/F., Lancashire Centre, 361 Shaukeiwan Road, Shau Kei Wan, Hong Kong for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisition(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Putting Forward Proposals at Shareholders' Meeting

Shareholders are requested to follow Article 64 of the Restated Articles for including a resolution at an extraordinary general meeting. The requirements and procedures are set out above in the paragraph headed "Procedures for Convening General Meetings by Shareholders".

Pursuant to Article 113 of the Restated Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of the notices required will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

Procedures by which Enquiries may be put to the Board

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationship. Shareholders are welcomed to send their enquiries to the Board by post to the principal place of business set out in the section headed "Corporation Information" in this report or by email at info@shunwogroup.com.

INVESTOR RELATIONS

The Board strives to maintain on-going dialogue with shareholders and the investment community, the Company has established a shareholders communication policy to set out the Company's procedures in providing the shareholders and investment community with ready, equal and timely access to balanced and understandable information about the Company.

Latest information on the Group including, but not limited to annual and interim reports, circulars, announcements and notices of annual general meetings are updated on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.shunwogroup.com).

In addition, the Company regards the annual general meeting as an important event as it provides an opportunity for direct communication between the Board and its shareholders. Shareholders are encouraged to attend the annual general meeting, where all Board members and external auditors are available to answer questions on the Group's business.

The first annual general meeting will be held on 7 September 2017, the notice of which shall be sent to the shareholders of the Company at least 20 clear business days prior to the meeting.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

Save for the adoption of the Restated Articles for the purpose of the Listing, during the Review Year, there had been no significant changes in the constitutional documents of the Company.

Environmental, Social and Governance Report

OVERVIEW

This Environmental, Social and Governance ("**the ESG**") report provides an annual update on the Group's sustainability approach and performance in the environmental and social aspects of its business in Hong Kong during the Review Year. This ESG Report is prepared in accordance with Appendix 27 of the Listing Rules. The Board is responsible for the Group's ESG strategies and reporting, identifying and managing ESG-related risks and ensuring the effectiveness of ESG risk management. The Group will continue to strengthen its efforts to collect information in order to enhance its performance in the environmental and social aspects of its business.

STAKEHOLDERS' FEEDBACK TO THIS ESG REPORT

Each investor, customer and employee is a stakeholder in the Group. Stakeholders are welcomed to send their feedback on Group's ESG approach and performance to the Board by post to the principal place of business set out in the section headed "Corporate Information" in this report or by email at info@shunwogroup.com.

ASPECT A — ENVIRONMENTAL PROTECTION

Emissions

The Group is principally engaged in undertaking foundation works and the operation of the foundation works may cause: (i) emission of air pollutants; (ii) emission of noise from construction activities; and (iii) disposal of construction waste.

The Group has implemented different measures to avoid, reduce or control emissions, which mainly includes:

- the use of non-road mobile machinery approved with Environmental Protection Department ("**EPD**") label;
- the use of hand-held percussive breakers and air compressors with noise emission label;
- trip-ticket system to record disposal of construction waste to disposal facilities.

During the Review Year, the Group has not received any notification of significant violation of environmental laws and regulations regarding the emissions and discharges from relevant government authorities, which caused substantial impact to the Group.

Use of Resources

The Group strives for efficient and effective use of energy and resources in operation and management level of the Group. The Group has introduced a series of green policy to enhance the awareness of environmental protection among the staff, which mainly includes:

- Reducing Energy Consumption
    - o the use of more energy-efficient products reduces energy consumption;
    - o switch off electrical devices and equipment (e.g. photocopiers and computers) which are not in use;
    - o turn on the air-conditioning only when necessary and set the temperature within 24–26 degree Celsius and select a suitable air delivery speed;
    - o the use of LED lighting;

- Use of Paper
  - o reuse single-sided paper;
  - o adjust the margin and font size of documents as far as practicable in order to optimise use of paper for printing;
  - o use emails for communication as far as practicable;
- Recycling
  - o recycling bins are placed in office to recycle used papers, while scrap paper trays are also placed beside the photocopies.

The Environmental and Natural Resources

The Group recognises that construction waste disposal is one of the major environmental issues in Hong Kong, the Group places great emphasis on waste disposal management in order to minimise environmental damages.

The Group does not tolerate any illegal dumping of construction waste. In accordance with the enactment of the Construction Waste Disposal Charging Scheme in January 2005, the Group has opened billing accounts with the EPD to pay for the construction waste disposal. The Group also have adopted the EPD's Waste Reduction Guidelines to implement "reuse and recycling" scheme that could divert construction waste from waste stream back to the construction cycle.

ASPECT B — SOCIAL

Employment and Labour Practices

Employment and Labour Standards

The Group not only provides comprehensive remuneration package to attract, motivate and retain appropriate and suitable employees to serve the Group, but also provides support in different areas for its employees. Salaries and wages are usually subject to annual review, which are based on performance appraisals and other relevant factors. Internal promotion is offered to existing staff with outstanding performance.

The Group is a meritocracy regardless of age, race, gender, religious belief and the Group is committed to building a working place free from discrimination.

The Group strictly complies with all relevant labour Ordinances and does not engage in any forced or child labour.

During the Review Year, the Group has complied with all applicable laws and regulations in relation to the above employment matters.

Health and Safety

Due to the nature of works in construction sites, risks of accidents or injuries to workers are inherent. As such, the Group has established a safety management system which follow the Occupational Health and Safety Assessment Specification ("**OHSAS**") 18001 standards in order to provide the employees with a health and safety working environment. The Group makes the best endeavour to protect its employees from work related accident or injuries.

During the Review Year, the Group has not identified any significant non-compliance cases relating to health and safety.

Training and Development

The sustainable development of employees means the sustainable development of the Group. The Group has provided on-the-job training and development opportunities to enhance its employees' career development and learning. For example, all newly hired employees in construction sites have to attend employee orientation to understand the working environment, emergency handling procedures, worksites health and safety training. Besides that, the Group continuously reviews and refines the health and safety training program to ensure compliance with any new procedure, regulation and policy.

Operating Practices

Supply Chain Management

The Group is dedicated to ensure a responsibility supply chain management. The Group has established stringent internal controls to acquire goods and services through fair and unbiased tender process. The selection of suppliers and subcontractors will be based on background, pricing, service, quality, reputation and after-sales support, as well as environmental protection considerations.

Once the selection of new supplier and subcontractor are confirmed, they will only be considered as approved suppliers after the management's approval. Besides that, the procurement department regularly reviews the existing suppliers and subcontractors' terms and takes necessary precaution measures when applicable.

Product Responsibility

The Group believes a strong and good relationship with customers would increase its recognition and visibility. As such, the Group has set up a customer communication channel dedicated to handle customers' queries and feedback efficiently. Apart from the customer communication channel, the Group emphasises the importance of the confidentiality of personal data and the privacy of the clients and adheres to the provisions of the Personal Data (Privacy) Ordinance when collecting, processing and using clients' personal data.

During the Review Year, the Group has not received any significant service-related complaint.

Anti-Corruption

The Group realises the importance of staff integrity. All business activities within the Group are carried out in good faith and in ethical and lawful manner. Any form of corruption, extortion, fraud, bribery, false declaration, money laundering or counterfeiting are prohibited. The Group's staff handbook, clearly sets out all rules that employees are required to comply with. Employees shall promptly report to the management if they are likely to accept gifts from clients, suppliers or subcontractors.

Community Investment

The Group seeks to repay society and create a better living environment for local community by participating in community services and charitable sponsorships. The Group has engaged the Spastic Children's Association of Hong Kong to provide cleaning service on a weekly basis and also sponsored some charitable events hosted by our clients. Looking forward, the Group will actively seek opportunities to contribute to society in different ways and help the communities in need.

The Board is pleased to submit this annual report together with the audited financial statements of the Group for the Review Year.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, the principal activities of its principal subsidiaries are set out in note 13 to the consolidated financial statements.

REORGANISATION AND SHARE OFFER

The Company was incorporated in the Cayman Islands on 3 May 2016 as an exempted company with limited liability. Its Shares were listed on the Main Board of the Stock Exchange on 28 September 2016.

Pursuant to the Reorganisation, the Company became the holding company of the Group on 18 May 2016.

RESULTS/BUSINESS REVIEW

The results of the Group for the Review Year are set out in the section headed "Consolidated Statement of Profit or Loss and Other Comprehensive Income" on page 39 in this report. The business review of the Group for the Review Year is set out in the section headed "Management Discussion and Analysis" on pages 4 to 10 in this report.

SHARE CAPITAL

Details of movement in the share capital of the Company during the Review Year are set out in note 20 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the Review Year are set out in the section headed "Consolidated Statement of Changes in Equity" on page 41.

Distributable reserves of the Company at 31 March 2017, calculated under the Companies Law of Cayman Islands amounted to approximately HK$54.1 million.

FINAL DIVIDEND

The Board has resolved not to recommend the declaration of any final dividend for the Review Year.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

The Shares of the Company were listed on 28 September 2016. Since the Listing date and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

PROPERTY, PLANT AND EQUIPMENT

Details of movement in property, plant and equipment of the Group during the Review Year are set out in note 14 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Restated Articles or the Laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 14 to 23 in this report.

ANNUAL GENERAL MEETING ("AGM")

The 2017 AGM will be held on Thursday 7, September 2017. The notice of the AGM will be published and dispatched to shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The Hong Kong branch register of members of the Company will be closed from Saturday, 2 September 2017 to Thursday, 7 September 2017 (both dates inclusive) for the purpose of ascertaining shareholders' entitlement to attend and vote at the forthcoming AGM. No transfer of shares may be registered on those dates. In order to qualify for the shareholders' entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates should be lodged with the Company's Branch Registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, 31/F., 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. on Friday, 1 September 2017.

DIRECTORS

The Directors of the Company during the Review Year and up to the date of this report are:

Executive Directors:
Mr. Wong Yan Hung
Mr. Wong Tony Yee Pong
Mr. Lai Kwok Fai
Mr. Lam Joseph Chok (Appointed on 25 May 2017)

Independent Non-executive Directors:
Mr. Law Ka Ho
Mr. Leung Wai Lim
Mr. Tam Wai Tak Victor

In accordance with article 108 of the Restated Articles, at each AGM, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

In accordance with article 112 of the Restated Articles, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

In accordance with article 108 and 112 of the Restated Articles, all Directors, namely Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong, Mr. Lai Kowk Fai, Mr. Lam Joseph Chok, Mr. Law Ka Ho, Mr. Leung Wai Lim and Mr. Tam Wai Tak Victor will retire from office as Directors at the forthcoming AGM of the Company, being eligible, and offer themselves for re-election.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to the Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for a term of 3 years and shall continue thereafter until being terminated by either party giving not less than three months' written notice.

Each of the independent non-executive Directors has entered a letter of appointment with the Company for a term of 2 years and shall continue thereafter until being terminated by either party giving not less than three months' written notice.

None of the Directors being proposed for re-election at the forthcoming AGM has a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

NON-COMPETITION UNDERTAKING

Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong, Mr. Lai Kwok Fai and May City Holdings Limited ("**May City**") (collectively, the "**Controlling Shareholders**") entered into a deed of non-competition dated 3 September 2016 in favour of the Company and the subsidiaries (the "**Deed of Non-Competition**"). Pursuant to the Deed of Non-Competition, each of the Controlling Shareholders has irrevocably and unconditionally undertaken to the Company (for itself and for the benefit of the subsidiaries), among others, that, during the period which (i) the Shares remain listed in the Stock Exchange and (ii) the Controlling Shareholder and their close associates (other than members of the Group) individually or jointly, are entitled to exercise, or control the exercise of, not less 30% of the voting power at general meeting of the Company or the Controlling Shareholders or the relevant close associates remains as a director of any member of the Group. He/it shall not, and shall procure that his/its close associates (other than any member of the Group) not to carry on or be engaged, concerned or interested, or otherwise be involved be involved directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of the Group or any business activity to be conducted by any member of the Group from time to time.

Each of the Controlling Shareholders further undertakes that if any business investment or other commercial opportunity which may compete with the business of the Group is identified by or offered to him/it, he/it shall procure that his/its close associates to promptly notify the Group in writing and the Group shall have a right of first refusal to take up such opportunity. The Group shall within 30 days after the receipt of the written notice (or such longer period if the Group is required to complete any approval procedures as set out under the Listing Rules from time to time), notify the Controlling Shareholders whether the Group will exercise the right of first refusal.

The Company has received a written confirmation from the Controlling Shareholders in respect of the compliance with and the enforcement of the terms of the Deed of Non-Competition by the Controlling Shareholders during the Review Year.

All independent non-executive Directors have reviewed the compliance of the Deed of Non-Competition entered into by the Controlling Shareholders as to whether the Controlling Shareholders had abided by the Deed of Non-Competition. All independent non-executive Directors also confirmed that the Controlling Shareholders had not been in breach of the Deed of Non-Competition during the Review Year.

COMPETING INTERESTS

The Directors confirm that neither the Directors nor the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Period, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

COMPLIANCE ADVISER'S INTERESTS

As notified by the Company's compliance adviser, Dakin Capital Limited (the "**Compliance Adviser**"), as at 31 March 2017, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 24 May 2016, the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company, which is required to be notified to the Company pursuant to the Listing Rules.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets and liabilities of the Group for the last four financial years, as extracted from the audited consolidated financial statements in this report and the Prospectus, is set out on page 80.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance coverage for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising from corporate activities.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

No Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party since the date of the Listing up to 31 March 2017.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management of the Group are set out in the section headed "Biographical Details of the Directors and Senior Management" on pages 11 to 13.

DIRECTORS' REMUNERATION

Details of the Directors' remuneration are set in note 8 to the consolidated financial statements.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND THE ASSOCIATED CORPORATIONS

As at 31 March 2017, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") in the Listing Rules, notified to the Company and the Stock Exchange, were as follows:

i. Long position in our Shares

Name of Directors	Capacity/Nature	Number of Shares held/interested	Percentage of shareholding
Mr. Wong Yan Hung	Interest in a controlled corporation *(Note)*	3,000,000,000	75%
Mr. Wong Tony Yee Pong	Interest in a controlled corporation *(Note)*	3,000,000,000	75%
Mr. Lai Kwok Fai	Interest in a controlled corporation *(Note)*	3,000,000,000	75%

Note:

These 3,000,000,000 Shares are held by May City, the entire issued share capital of which is owned as to 40% by Mr. Wong Yan Hung, 30% by Mr. Wong Tony Yee Pong and 30% by Mr. Lai Kwok Fai. Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai have had a mutual understanding all along to jointly control the Group and thus they are presumed to be acting in concert (within the meaning of the Takeovers Code). Therefore, each of Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai is deemed, or taken to be, interested in all the Shares held by May City for the purposes of the SFO. Each of Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai is a director of May City.

ii. Long position in the shares of associated corporation

Name of Directors	Name of associated corporation	Capacity/Nature	Number of shares held/interested in	Percentage of interest
Mr. Wong Yan Hung	May City	Beneficial interest	40	40%
Mr. Wong Tony Yee Pong	May City	Beneficial interest	30	30%
Mr. Lai Kwok Fai	May City	Beneficial interest	30	30%

Save as disclosed above, as at 31 March 2017, none of the Directors had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

INTERESTS OF SUBSTANTIAL AND OTHER SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2017, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in Shares or underlying Shares which would fell to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Name	Capacity/Nature	Number of Shares held/interested in	Percentage of interest
May City	Beneficial interest *(Note 1)*	3,000,000,000	75%
Ms. Choi Mei Chu	Interest of spouse *(Note 2)*	3,000,000,000	75%
Ms. Lee Pik Yu, Kenji	Interest of spouse *(Note 3)*	3,000,000,000	75%
Ms. Mak Kit Ling	Interest of spouse *(Note 4)*	3,000,000,000	75%

Notes:

1. *These 3,000,000,000 Shares are held by May City, the entire issued share capital of which is owned as to 40% by Mr. Wong Yan Hung, 30% by Mr. Wong Tony Yee Pong and 30% by Mr. Lai Kwok Fai. Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai have had a mutual understanding all along to jointly control the Group and thus they are presumed to be acting in concert (within the meaning of the Takeovers Code). Therefore, each of Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai is deemed, or taken to be, interested in all the Shares held by May City for the purposes of the SFO. Each of Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai is a director of May City.*

2. *Ms. Choi Mei Chu is the spouse of Mr. Wong Yan Hung and is deemed or taken to be interested in all the Shares in which Mr. Wong Yan Hung has, or is deemed to have, an interest for the purposes of the SFO.*

3. *Ms. Lee Pik Yu, Kenji is the spouse of Mr. Wong Tony Yee Pong and is deemed or taken to be interested in all the Shares in which Mr. Wong Tony Yee Pong has, or is deemed to have, an interest for the purposes of the SFO.*

4. *Ms. Mak Kit Ling is the spouse of Mr. Lai Kwok Fai and is deemed or taken to be interested in all the Shares in which Mr. Lai Kwok Fai has, or is deemed to have, an interest for the purposes of the SFO.*

Save as disclosed above, as at 31 March 2017, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 3 September 2016. The principal terms of the Share Option Scheme is summarised in Appendix IV to the Prospectus. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 3 September 2016, and there is no outstanding share option as at 31 March 2017. Details of the Share Option Scheme is set out in note 22 to the consolidated financial statements.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

At no time during the Review Year and up to the date of this report was the Company or any of its subsidiaries or a party to any arrangement 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 body corporate.

MAJOR SUPPLIERS AND CUSTOMERS

The percentage of sales and purchases for the Review Year attributable to the Group' major customers and suppliers are as follow:

Sales	
— the largest customer	50%
— five largest customers	94%
Purchases	
— the largest supplier	17%
— five largest suppliers	52%

None of the Directors, their close associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major customers or suppliers noted above.

RELATED PARTIES

Details of the significant related party transactions undertaken in the normal course of business are set out in the note 28 to the consolidated financial statements, and none of which constitutes a disclosable connected transaction as defined under the Listing Rules.

SUBSIDIARIES

Details of the subsidiaries of the Company are set out in note 13 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules since the date of the Listing and up to the date of this report.

RETIREMENT SCHEME

The Group participates in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). Save as the aforesaid, the Group did not participate in any other pension schemes during the Review Year.

AUDITORS

The consolidated financial statement for the Review Year have been audited by HLB Hodgson Impey Cheng Limited, who will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting of the Company.

EVENTS AFTER THE REPORTING PERIOD

A placing agreement (the "**Placing Agreement**") was entered into on 7 April 2017 between May City and (Dakin Securities Limited (the "**Placing Agent**") for the offer by way of a private placing (the "**Placing**"), of up to 960,000,000 Shares in the Company (the "**Placing Shares**") held by May City to any professional, institutional or other investors or any of their respective subsidiaries or associates procured by the Placing Agent to purchase the Placing Shares pursuant to the Placing Agent's obligations under the Placing Agreement (the "**Placees**") at HK$0.115–HK$0.120 per Placing Share. On 18 April 2017, the Placing of the Placing Shares was completed and the number of shares held by May City decreased from 3,000,000,000 Shares to 2,040,000,000 Shares, representing a decrease of shareholding from 75% to 51% of the existing issued share capital of the Company. For details, please refer to the Company's announcements dated 7 April 2017 and 18 April 2017, respectively.

Save as disclosed above, the Board is not aware of any significant event that has taken place.

By Order of the Board
Shun Wo Group Holdings Limited
Wong Yan Hung
Chairman

Hong Kong, 23 June 2017

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF
SHUN WO GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Shun Wo Group Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 39 to 79, which comprise the consolidated statement of financial position as at 31 March 2017, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section* of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("**the Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Accounting for construction contract revenue, gross profit and related receivables and liabilities	
We identified the revenue and profit recognition of contracting service and gross amounts due from/to customers for contract work as a key audit matter due to significant management judgements and estimation are required in the determination of the total outcome of the contracting service contracts as well as the percentage of completion of contracting service.	• Reviewing the contract sum and budgeted costs to respective signed contracts and budgets prepared by management. • Understanding from management about how the budgets were prepared and the respective stage of completion were determined. • Reviewing the reasonableness of key judgements inherent in the budgets. • Obtaining the certificates issued by customers to evaluate the reasonableness of percentage of completion as at year end. • Assessing the reliability of the budgets by comparing the actual outcome against management's estimation of completed contracts on a sample basis. • Checking the gross amounts due from/to customers for contract work by agreeing the amount of progress billings, on a sample basis, to billings issued to customers.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report other than the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee are responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Kwok Kin Leung.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Kwok Kin Leung
Practising Certificate Number: P05769

Hong Kong
23 June 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

	Notes	**2017** **HK$'000**	2016 HK$'000
Revenue	*5*	**218,648**	192,154
Direct costs		**(167,403)**	(146,465)
Gross profit		**51,245**	45,689
Other income and gain	*5*	**1,497**	880
Administrative and other operating expenses		**(28,226)**	(13,962)
Finance costs	*9*	**(435)**	(283)
Profit before income tax	*6*	**24,081**	32,324
Income tax expense	*10*	**(5,923)**	(6,771)
Profit and total comprehensive income for the year attributable to owners of the Company		**18,158**	25,553
Earnings per share attributable to owners of the Company			
— Basic and diluted earnings per share (HK cents)	*11*	**0.50**	0.80

Details of dividends are disclosed in Note 12 to the consolidated financial statements.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**20,557**	22,645
Current assets			
Gross amounts due from customers for contract work	16	**14,925**	8,963
Trade and other receivables	17	**47,597**	46,039
Bank deposits	18	**42,663**	3,650
Current income tax recoverable		**1,362**	–
Cash and cash equivalents	19	**49,415**	25,967
		155,962	84,619
Total assets		**176,519**	107,264
EQUITY			
Equity attributable to owners of the Company			
Capital and reserves			
Share capital	20	**40,000**	200
Reserves	21	**116,809**	61,829
Total equity		**156,809**	62,029
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	24	**2,938**	8,427
Deferred tax liabilities	25	**2,033**	1,751
		4,971	10,178
Current liabilities			
Gross amounts due to customers for contract work	16	**–**	3,456
Trade and other payables	23	**9,765**	22,668
Finance lease liabilities	24	**4,974**	5,499
Current income tax liabilities		**–**	3,434
		14,739	35,057
Total liabilities		**19,710**	45,235
Total equity and liabilities		**176,519**	107,264
Net current assets		**141,223**	49,562
Total assets less current liabilities		**161,780**	72,207

The consolidated financial statements were approved and authorised for issue by the board of directors on 23 June 2017 and are signed on its behalf by:

Mr. Wong Yan Hung	**Mr. Wong Tony Yee Pong**
Director	*Director*

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Share capital HK$'000 *(Note 20)*	Share premium HK$'000 *(Note 21)*	Merger reserve HK$'000 *(Note 21)*	Retained earnings HK$'000	Total HK$'000
Balance as at 1 April 2015	200	–	–	52,476	52,676
Profit and total comprehensive income for the year	–	–	–	25,553	25,553
Dividends *(Note 12)*	–	–	–	(16,200)	(16,200)
Balance as at 31 March 2016	200	–*	–*	61,829*	62,029
Balance as at 1 April 2016	200	–	–	61,829	62,029
Profit and total comprehensive income for the year	–	–	–	18,158	18,158
Dividends *(Note 12)*	–	–	–	(20,001)	(20,001)
Reorganisation	(198)	–	198	–	–
Shares issued pursuant to the capitalisation issue	31,998	(31,998)	–	–	–
Share issued pursuant to the share offer	8,000	96,000	–	–	104,000
Share issuance costs	–	(7,377)	–	–	(7,377)
Balance as at 31 March 2017	**40,000**	**56,625***	**198***	**59,986***	**156,809**

* *These reserve accounts comprise the consolidated reserves of approximately HK$116,809,000 (2016: approximately HK$61,829,000) in the consolidated statement of financial position.*

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Cash flows from operating activities			
Net cash generated from operations	26	**7,103**	54,621
Tax paid		**(10,437)**	(11,613)
Net cash (used in)/generated from operating activities		**(3,334)**	43,008
Cash flows from investing activities			
Interest received		**348**	20
Increase in bank deposits		**(39,000)**	–
Purchases of property, plant and equipment		**(5,129)**	(4,248)
Proceeds from disposal of property, plant and equipment		**390**	249
Net cash used in investing activities		**(43,391)**	(3,979)
Cash flows from financing activities			
Interest paid		**(435)**	(283)
Proceeds from share offer		**96,623**	–
Proceeds from finance leases liabilities		**–**	4,657
Repayment of finance leases liabilities		**(6,014)**	(2,640)
Dividends paid		**(20,001)**	(16,200)
Net cash generated from/(used in) financing activities		**70,173**	(14,466)
Net increase in cash and cash equivalents		**23,448**	24,563
Cash and cash equivalents at beginning of year		**25,967**	1,404
Cash and cash equivalents at end of year	19	**49,415**	25,967

The accompanying notes form an integral part of these consolidated financial statements.

1 GENERAL INFORMATION AND BASIS OF PRESENTATION

Shun Wo Group Holdings Limited (the "**Company**") is an investment holding company. The Company and its subsidiaries (collectively referred as to the "**Group**") is principally engaged in undertaking foundation works in Hong Kong.

The Company was incorporated in the Cayman Islands on 3 May 2016 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 28 September 2016.

As at 31 March 2017, its parent and ultimate holding company is May City Holdings Limited ("**May City**"), a company incorporated in the British Virgin Islands (the "**BVI**") and owned as to 40% by Mr. Wong Yan Hung ("**Mr. YH Wong**"), 30% by Mr. Wong Tony Yee Pong ("**Mr. Tony Wong**") and 30% by Mr. Lai Kwok Fai ("**Mr. Lai**").

The address of the registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and the principal place of business of the Company is 26th Floor, Lancashire Centre, 361 Shaukeiwan Road, Hong Kong.

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

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange (the "**Reorganisation**"), the group entities were under the control of Mr. YH Wong, Mr. Tony Wong and Mr. Lai. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 18 May 2016. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the years presented. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. YH Wong, Mr. Tony Wong and Mr. Lai prior to and after the Reorganisation.

The consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the years presented in accordance with Accounting Guideline 5 "*Merger Accounting for Common Control Combinations*" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). 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 years presented, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the years presented, or since their respective dates of incorporation, where this is a shorter period. The consolidated statement of financial position as at 31 March 2016 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at that date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA. The consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements set out in this report have been prepared under the historical cost convention, except as otherwise stated in the accounting policies below.

The preparation of the consolidated financial statements in accordance with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2.1.1 Change in accounting policy and disclosures

(a) New and amended standards adopted by the Group

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
HKFRS 14	Regulatory Deferral Accounts

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Change in accounting policy and disclosures (continued)

(b) New standards and interpretations not yet adopted

The following new standards, amendments and interpretations to existing standards have been published but not yet effective for the financial year beginning 1 April 2016 or after and which the Group has not early adopted.

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 40	Transfers of Investment Property[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[5]
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[2]

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

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

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

4 *Effective for annual periods beginning on or after a date to be determined.*

5 *Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.*

HKFRS 15 "*Revenue from Contracts with Customers*"

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "*Revenue*", HKAS 11 "*Construction Contracts*" and the related Interpretations when it becomes effective. As HKFRS 15 is effective for annual periods beginning on or after 1 January 2018, our Group expects to initially apply HKFRS 15 in our consolidated financial statements for the financial year ending 31 March 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Change in accounting policy and disclosures (continued)

(b) New standards and interpretations not yet adopted (continued)

HKFRS 15 "*Revenue from Contracts with Customers*" (continued)

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 HKFRS 15 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. More prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, more disclosures are required by HKFRS 15.

The Group will adopt these new standards, amendments and interpretations in the period of initial application. It is not expected to have a significant impact on the Group's result of operations and its financial position.

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

(a) Business combinations

Except for the Reorganisation, the Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(b) Transaction with non-controlling interest

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Merger accounting for common control combinations

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

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The combined statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

2.5 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in HK$, which is the Company's functional and presentation currency.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment

The property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives or lease terms, where applicable, as follows:

Leasehold improvements	Over shorter of lease terms or 20%
Furniture, fixtures and office equipment	20%
Plant, machinery and equipment	20%
Motor vehicles	30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of profit or loss and other comprehensive income.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.9 Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "bank deposits" and "cash and cash equivalents" in the consolidated statement of financial position.

2.10 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "**loss event**") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of financial assets (continued)

For loans and receivables category, the amount of the loss is measured as 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. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2.11 Gross amounts due from/to customers for contract work

A construction contract is defined in HKAS 11 as a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

When 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. 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.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within "trade and other receivables".

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

2.12 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

2.14 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if the payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.17 Borrowing costs

General and specific 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences, arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred taxation liability is settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Current and deferred income tax (continued)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of each reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefits

The Group operates defined contribution plans and pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(iv) Bonus plans

The Group recognises a liability and an expense for bonuses when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of such obligation can be made.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amounts have been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligations. The increase in the provision due to passage of time is recognised as interest expense.

2.21 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resource will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivables for the sale of services in the ordinary course of the Group's activities. Revenue is shown after eliminating sales within the Group.

Revenue from contract work is recognised based on the percentage of completion of the contracts, provided that the percentage of contract completion and the gross billing value of contracting work can be measured reliably. The percentage of completion of a contract is established by reference to the construction works certified by customers.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer and are capable of being reliably measured.

2.23 Rental income

Rental income from leased machineries are recognised in profit or loss on a straight-line basis over the term of the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are declared by the directors in case of interim dividends or approved by the Company's shareholders in case of final dividends.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities exposed it to a variety of financial risks: interest rate risk, credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Interest rate risk

Other than bank balances with variable interest rate, the Group has no other significant interest-bearing assets. Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

The Group does not expose to cash flow interest rate risk arising from its borrowings as the Group's finance lease liabilities are at fixed interest rates. The Group currently does not hedge its exposure to the interest rate risk as the management of the Group consider that the risk is insignificant.

(ii) Credit risk

Credit risk arises mainly from trade and other receivables, bank deposit and cash and cash equivalents. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The credit risk of cash and cash equivalents is limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies.

In respect of trade and other receivables, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivable balance at the end of the reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

As at 31 March 2017, there were 3 customers (2016: 2) which individually contributed over 10% of the Group's trade and other receivables. The aggregate amounts of trade and other receivables from these customers amounted to approximately 75.2% of the Group's total trade and other receivables as at 31 March 2017 (2016: approximately 71.6%).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(iii) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet their liquidity requirements in the short and long term. Management believes there is no significant liquidity risk as the Group has sufficient financial resources to fund their operations.

The following table details the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group may be required to pay:

	On demand or within one year HK$'000	Between one and two years HK$'000	Between two and five years HK$'000	Total HK$'000
As at 31 March 2017				
Trade and other payables excluding non-financial liabilities	**9,765**	**–**	**–**	**9,765**
Finance lease liabilities	**5,189**	**2,977**	**–**	**8,166**
	14,954	**2,977**	**–**	**17,931**
As at 31 March 2016				
Trade and other payables excluding non-financial liabilities	22,668	–	–	22,668
Finance lease liabilities	5,934	5,712	2,977	14,623
	28,602	5,712	2,977	37,291

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, to support the Group's stability and growth; to earn a margin commensurate with the level of business and market risks in the Group's operations and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as the total interest-bearing liabilities divided by the total equity.

The gearing ratios of the Group are as follows:

	2017 **HK$'000**	2016 HK$'000
Finance lease liabilities *(Note 24)*	**7,912**	13,926
Total equity	**156,809**	62,029
Gearing ratio	**5.0%**	22.5%

3.3 Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximately their respective fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful lives and impairment of property, plant and equipment

The Group has significant investments in property, plant and equipment. The Group is required to estimate the useful lives of property, plant and equipment in order to ascertain the amount of depreciation charges for the reporting period.

Useful lives are estimated at the time of purchase of these assets after considering future technology changes, business developments and the Group's strategies. The Group performs annual reviews to assess the appropriateness of the estimated useful lives. Such review takes into account any unexpected adverse changes in circumstances or events, including decline in projected operating results, negative industry or economic trends and rapid advancement in technology. The Group extends or shortens the useful lives and/or makes impairment provisions according to the results of the review.

Impairment of property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of the operations.

(b) Impairment of receivables

Management determines the provision for impairment of trade and other receivables. This estimate is based on the credit history of its customers and the current market condition. Management reassesses the provision at the end of the reporting period.

Significant judgement is exercised on the assessment of the collectability of receivables from each customer. In making the judgement, management considers a wide range of factors such as results of follow-up procedures, customer payment trends including subsequent payments and customers' financial positions. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(c) Percentage of completion of construction works

The Group recognises its contract revenue according to the percentage of work performed to date of the individual contract of construction works as a percentage of total contract value. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting period. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders prepared for each construction contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract revenue.

5 REVENUE, OTHER INCOME AND GAIN AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents construction contract receipts in the ordinary course of business. Revenue and other income and gain recognised during the reporting period are as follows:

	2017 HK$'000	2016 HK$'000
Revenue		
Main contracting	**64,638**	55,856
Sub-contracting	**154,010**	136,298
	218,648	192,154
Other income and gain		
Rental income	**345**	302
Gain on disposal of property, plant and equipment	**92**	223
Interest income	**348**	20
Others	**712**	335
	1,497	880

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors regards the Group's business as a single operating segment and reviews consolidated financial statements accordingly. Also, the Group only engages its business in Hong Kong. Therefore, no segment information is presented.

Information about the major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2017 HK$'000	2016 HK$'000
Customer A[3,5]	**108,469**	99,539
Customer B[2]	**NA[4]**	30,471
Customer C[2]	**NA[4]**	23,693
Customer D[2]	**34,659**	NA[4]
Customer E[1]	**27,565**	NA[4]

1 *Revenue from main contracting.*

2 *Revenue from sub-contracting.*

3 *Revenue from both main contracting and sub-contracting.*

4 *The corresponding revenue did not contribute over 10% of total revenue of the Group.*

5 *The customer represents a collective of companies within a group.*

For the year ended 31 March 2017

6 PROFIT BEFORE INCOME TAX

	2017 HK$'000	2016 HK$'000
Included in direct costs:		
Depreciation of owned assets *(Note 14)*	**1,397**	1,153
Depreciation of assets under finance leases *(Note 14)*	**2,203**	1,749
Staff costs *(Note 7)*	**24,130**	23,445
Operating lease rental in respect of		
— Plant and machinery	**4,025**	2,219
— Others	**41**	61
Included in administrative and other operating expenses:		
Auditors' remuneration	**750**	80
Depreciation of owned assets *(Note 14)*	**1,971**	696
Depreciation of assets under finance leases *(Note 14)*	**1,354**	1,871
Listing expenses	**9,175**	3,663
Operating lease rental in respect of		
— Premises	**1,010**	987
— Car parks	**84**	72
Staff costs, including directors' emoluments *(Note 7)*	**7,146**	4,381

7 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2017 HK$'000	2016 HK$'000
Salaries and allowances	**31,104**	26,777
Retirement scheme contributions		
— defined contribution plan	**961**	907
	32,065	27,684
(Less)/add: Amount included in gross amounts due to/from customers for contract work	**(789)**	142
	31,276	27,826

The Group operates defined contribution schemes in Hong Kong which comply with the requirements under the Mandatory Provident Fund ("**MPF**") Schemes Ordinance. All assets under the schemes are held separately from the Group under independently administered funds. Contributions to the MPF scheme follow the MPF Schemes Ordinance.

8 BENEFITS AND INTEREST OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of each director and chief executive for the year ended 31 March 2017 and 2016 is set out below:

	Fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2017					
Executive directors					
Mr. YH Wong *(Note(i))*	**–**	**789**	**54**	**18**	**861**
Mr. Tony Wong *(Chief Executive Officer) (Note(i))*	**–**	**729**	**51**	**18**	**798**
Mr. Lai *(Note(i))*	**–**	**729**	**51**	**18**	**798**
Independent non-executive directors					
Mr. Law Ka Ho *(Note(ii))*	**87**	**–**	**–**	**–**	**87**
Mr. Leung Wai Lim *(Note(ii))*	**87**	**–**	**–**	**–**	**87**
Mr. Tam Wai Tak Victor *(Note(ii))*	**87**	**–**	**–**	**–**	**87**
	261	**2,247**	**156**	**54**	**2,718**
Year ended 31 March 2016					
Executive directors					
Mr. YH Wong *(Note(i))*	–	498	42	18	558
Mr. Tony Wong *(Note(i))*	–	498	42	18	558
Mr. Lai *(Note(i))*	–	498	42	18	558
	–	1,494	126	54	1,674

During the year ended 31 March 2017, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2016: Nil). Neither the chief executive nor any of the directors has waived or agreed to waive any emoluments during the year ended 31 March 2017 (2016: Nil).

Notes:

(i) Mr. YH Wong, Mr. Tony Wong and Mr. Lai were appointed as executive directors of the Company on 3 May 2016. They were also directors of certain subsidiaries of the Company and/or employees of the Group during the year ended 31 March 2017 and 2016 and the Group paid emoluments to them in their capacity as the directors of these subsidiaries and/or employees of the Group before their appointment as executive directors of the Company.

(ii) Mr. Tam Wai Tak Victor, Mr. Leung Wai Lim and Mr. Law Ka Ho were appointed as independent non-executive directors of the Company on 3 September 2016. During the year ended 31 March 2016, the non-executive directors have not been appointed and received no directors' remuneration in their capacity as directors.

8 BENEFITS AND INTEREST OF DIRECTORS (CONTINUED)

(b) Five highest paid individuals

Of the five individuals with the highest emoluments for the years ended 31 March 2017 and 2016, 3 of them are directors whose emoluments are disclosed above. The emoluments in respect of the remaining 2 individuals for the year ended 31 March 2017 and 2016 are as follows:

	2017 HK$'000	2016 HK$'000
Salaries and allowances	**1,479**	983
Discretionary bonuses	**162**	710
Retirement scheme contributions	**18**	16
	1,659	1,709

The emoluments of each of the above non-directors, highest paid individuals were below HK$1,000,000. During the year ended 31 March 2017 and 2016, no emoluments were paid by the Group to the above highest paid individuals as (i) an inducement to join or upon joining the Group or (ii) as compensation for loss of office as a director or management of any members of the Group.

9 FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Interest on finance leases	**435**	283

10 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong for the year.

	2017 HK$'000	2016 HK$'000
Hong Kong profits tax:		
Current tax on profits for the year	**5,482**	5,992
Adjustments in respective of prior year	**159**	–
Current income tax	**5,641**	5,992
Deferred income tax *(Note 25)*	**282**	779
Income tax expense	**5,923**	6,771

10 INCOME TAX EXPENSE (CONTINUED)

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2017 **HK$'000**	2016 HK$'000
Profit before income tax	**24,081**	32,324
Calculated at a tax rate of 16.5%	**3,973**	5,333
Tax effects of:		
— Income not subject to tax	**(51)**	(40)
— Expenses not deductible for tax purposes	**1,843**	606
— Tax losses for which no deferred income tax asset was recognised	**385**	892
— Utilisation of tax losses previously unrecognised	**(366)**	–
— Adjustments in respect of prior year	**159**	–
— Tax concession	**(20)**	(20)
Income tax expense	**5,923**	6,771

11 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2017	2016
Profit attributable to owners of the Company (HK$'000)	**18,158**	25,553
Weighted average number of ordinary shares in issue (thousands of shares) *(Note (a))*	**3,605,479**	3,200,000
Basic earnings per share (HK cents)	**0.50**	0.80

(a) In determining the number of shares in issue, the total of 3,200,000,000 shares issued, 1 share issued on the incorporation of the Company, 200,010 shares issued on the Reorganisation of the Group and 3,199,799,989 shares issued on capitalisation issue were deemed to have been issued since 1 April 2015.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the year ended 31 March 2017.

12 DIVIDENDS

	2017 HK$'000	2016 HK$'000
Interim dividends paid	**20,001**	16,200

During the year ended 31 March 2017, the Company declared and paid an interim dividend of HK$20,001,100 to then shareholders of the Company.

During the year ended 31 March 2016, an interim dividend of HK$16,200,000 was declared and paid by Hop Kee Construction Company Limited ("**Hop Kee Construction**"), a subsidiary of the Company, to its then equity holders prior to the Reorganisation.

The rate of dividend and the number of shares ranking for dividend are not presented as such information is not meaningful having regard to the purpose of this report.

No final dividend was proposed by the board of directors of the Company for the year ended 31 March 2017.

13 SUBSIDIARIES

The following is a list of the subsidiaries as at 31 March 2017 and 2016:

Name of subsidiary	Legal form, date and place of incorporation/operations	Issued and fully paid up share capital	Proportion ownership interest held by the Company	Principal activities
Umma Floral Limited ("**Umma Floral**")	Limited liability company incorporated on 2 October 2015, the BVI	US$10	100% (direct)	Investment holding
Hop Kee Construction	Limited liability company incorporated on 20 June 1995, Hong Kong	HK$100,000	100% (indirect)	Provision of foundation works in Hong Kong
Hop Kee Machinery Transportation Company Limited ("**Hop Kee Machinery**")	Limited liability company incorporated on 22 July 2014, Hong Kong	HK$100,000	100% (indirect)	Acquisition and holding of plant and machinery of the Group
Hop Kee Construction Company Limited ("**Hop Kee Construction (BVI)**")	Limited liability company incorporated on 22 January 2016, the BVI	US$1	100% (indirect)	Handling intellectual property and other administrative matters of the Group

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Plant, machinery and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
As at 1 April 2015	505	178	13,724	1,077	15,484
Additions	9	184	13,359	2,490	16,042
Disposals	–	–	(362)	(34)	(396)
As at 31 March 2016	514	362	26,721	3,533	31,130
Accumulated depreciation					
As at 1 April 2015	(72)	(48)	(2,421)	(845)	(3,386)
Charge for the year *(Note 6)*	(102)	(69)	(4,447)	(851)	(5,469)
Disposals	–	–	336	34	370
As at 31 March 2016	(174)	(117)	(6,532)	(1,662)	(8,485)
Net book value					
As at 31 March 2016	340	245	20,189	1,871	22,645
Cost					
As at 1 April 2016	514	362	26,721	3,533	31,130
Additions	381	120	3,235	1,399	5,135
Disposals	(349)	(6)	(440)	(366)	(1,161)
As at 31 March 2017	**546**	**476**	**29,516**	**4,566**	**35,104**
Accumulated depreciation					
As at 1 April 2016	(174)	(117)	(6,532)	(1,662)	(8,485)
Charge for the year *(Note 6)*	(380)	(84)	(5,525)	(936)	(6,925)
Disposals	349	1	147	366	863
As at 31 March 2017	**(205)**	**(200)**	**(11,910)**	**(2,232)**	**(14,547)**
Net book value					
As at 31 March 2017	**341**	**276**	**17,606**	**2,334**	**20,557**

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Fixed asset held under finance leases

Motor vehicles include the following amounts where the Group is a lessee under finance leases.

	2017 HK$'000	2016 HK$'000
Cost — capitalised finance lease	–	2,374
Accumulated depreciation	–	(856)
Net book value *(Note 24)*	–	1,518

Plant, machinery and equipment include the following amounts where the Group is a lessee under finance leases.

	2017 HK$'000	2016 HK$'000
Cost — capitalised finance lease	**17,784**	17,784
Accumulated depreciation	**(7,043)**	(3,486)
Net book value *(Note 24)*	**10,741**	14,298

15 FINANCIAL INSTRUMENTS BY CATEGORY

	2017 HK$'000	2016 HK$'000
Financial assets		
Loans and receivables		
Trade and other receivables excluding prepayments	**47,007**	44,011
Bank deposits	**42,663**	3,650
Cash and cash equivalents	**49,415**	25,967
	139,085	73,628
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables excluding non-financial liabilities	**9,765**	22,668
Finance lease liabilities	**7,912**	13,926
	17,677	36,594

16 GROSS AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	2017 HK$'000	2016 HK$'000
Gross amounts due from customers for contract work		
Contract costs incurred plus recognised profits less recognised losses	**185,938**	116,506
Less: Progress billings received and receivables	**(171,013)**	(107,543)
	14,925	8,963
Gross amounts due to customers for contract work		
Progress billings received and receivables	**–**	28,807
Less: Contract costs incurred plus recognised profit less recognised losses	**–**	(25,351)
	–	3,456

17 TRADE AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Trade receivables	**31,063**	29,293
Retention receivables *(Note (c))*	**12,491**	13,312
Other receivables, deposits and prepayments	**4,043**	3,434
	47,597	46,039

Notes:

(a) The credit period granted to customers ranges from 30 to 60 days (2016: 14 to 60 days) generally. Trade receivables are denominated in HK$.

(b) The ageing analysis of the trade receivables based on invoice date are as follows:

	2017 HK$'000	2016 HK$'000
0–30 days	**23,536**	20,796
31–60 days	**7,527**	6,305
61–90 days	**–**	2,113
Over 90 days	**–**	79
	31,063	29,293

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(b) The ageing analysis of the trade receivables based on invoice date are as follows: (continued)

Trade receivables of approximately HK$23,536,000 as at 31 March 2017 were not yet past due (2016: approximately HK$26,386,000), and approximately HK$7,527,000 as at 31 March 2017 were past due but not impaired (2016: approximately HK$2,907,000). These relate to trade receivables from a number of independent customers of whom there is no recent history of default and no provision has therefore been made. The ageing analysis of these trade receivables are as follows:

	2017 **HK$'000**	2016 HK$'000
0–30 days	**7,527**	2,828
Over 90 days	**–**	79
	7,527	2,907

Movements in the Group's provision for impairment of trade receivables are as follows:

	2017 **HK$'000**	2016 HK$'000
Beginning of the year	**–**	1,636
Trade receivables written off as uncollectible	**–**	(1,636)
End of the year	**–**	–

(c) Retention receivables were not past due as at 31 March 2017, and were settled in accordance with the terms of respective contract (2016: Nil).

(d) The other classes within trade and other receivables do not contain impaired assets. The maximum exposure of credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

18 BANK DEPOSITS

	2017 HK$'000	2016 HK$'000
Pledged bank deposits *(Note (a))*	**3,663**	3,650
Non-pledged bank deposits *(Note (b))*	**39,000**	–
Bank deposits	**42,663**	3,650

Notes:

(a) Pledged bank deposits represent deposits pledged to banks as surety bond for faithful of performance in accordance to the contract between the Group and the customers, and for the bank overdrafts facilities. The effective interest rates on pledged bank deposits is 0.60% per annum as at 31 March 2017 (2016: 0.38% per annum). The maturity of these deposits was fifteen months for the year ended 31 March 2017 (2016: twelve months). The carrying amount of pledged bank deposits are denominated in HK$.

(b) The effective interest rates for the non-pledged bank deposits ranged from 1.4% to 1.5% per annum as at 31 March 2017 (2016: Nil) and the maturity of these deposits is from 6 months to 11 months. The carrying amount of non-pledged bank deposits are denominated in HK$.

19 CASH AND CASH EQUIVALENTS

	2017 HK$'000	2016 HK$'000
Cash at banks	**24,415**	25,967
Short-term bank deposit	**25,000**	–
Cash and cash equivalents	**49,415**	25,967

Notes:

(a) The carrying amount of cash and cash equivalents are denominated in HK$.

(b) Cash at banks earns interest at floating rates based on daily bank deposit rates.

(c) Short-time deposits held at bank is not pledged to secure any facilities of the Group. The effective interest rate on the deposits ranged from 1.05% to 1.20% per annum as at 31 March 2017 (2016: Nil). The maturity of these deposits ranged from 90 to 92 days (2016: Nil).

20 SHARE CAPITAL

As at 31 March 2016, the share capital represents the aggregate of paid up share capital of the companies comprising the Group held by the controlling shareholders of the Company prior to the Reorganisation.

Details of the Company's authorised and issued ordinary share capital as follows:

	Notes	Number of ordinary shares	Share Capital HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
As at 1 April 2015 and 31 March 2016		–	–
Upon incorporation of the Company on 3 May 2016	*(a)*	38,000,000	380
Increase in number of authorised shares	*(b)*	9,962,000,000	99,620
As at 31 March 2017		**10,000,000,000**	**100,000**
Issued and fully paid:			
As at 1 April 2015 and 31 March 2016		–	–
Upon incorporation of the Company on 3 May 2016	*(a)*	1	–
Shares issued upon Reorganisation	*(c)*	200,010	2
Shares issued pursuant to the capitalisation issue	*(d)*	3,199,799,989	31,998
Shares issued pursuant to the share offer	*(e)*	800,000,000	8,000
As at 31 March 2017		**4,000,000,000**	**40,000**

Notes:

(a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 3 May 2016 with an initial authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each and one fully paid share was issued and allotted to the subscriber which was subsequently transferred to May City on the same date.

(b) Pursuant to the resolutions passed by the sole shareholder of the Company on 3 September 2016, the authorised share capital of the Company was increased from HK$380,000 to HK$100,000,000 divided into 10,000,000,000 shares by the creation of an additional 9,962,000,000 shares of HK$0.01 each, ranking pari passu in all respects with the existing shares.

(c) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Umma Floral from Mr. YH Wong, Mr. Tony Wong and Mr. Lai on 17 May 2016 and as consideration for the acquisition by the Umma Floral of the entire issued share capital of Hop Kee Construction and Hop Kee Machinery from Mr. YH Wong, Mr. Tony Wong and Mr. Lai on 18 May 2016, the Company issued and allotted 10 shares and 200,000 shares to May City, all credited as fully paid respectively.

20 SHARE CAPITAL (CONTINUED)

Notes: (continued)

(d) Pursuant to a written resolution passed by the sole shareholder of the Company on 3 September 2016 and conditional upon the share premium account of the Company being credited as a result of the share offer, the Company authorised to allot and issued a total of 3,199,799,989 shares credited as fully paid at par to the holder of the Company's shares on the register of members of the Company at the close of business on 3 September 2016 by way of capitalisation of the sum of HK$31,997,999.89 standing to the credit of the share premium account of the Company.

(e) On 28 September 2016, upon its listing on the Main Board of the Stock Exchange, the Company issued 800,000,000 new ordinary shares at an offer price of HK$0.13 each and raised gross proceeds of approximately HK$104,000,000.

21 RESERVES

Share premium

Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less expenses incurred in connection with the issue of the shares.

Merger reserve

Merger reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the Reorganisation.

22 SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 3 September 2016. The Share Option Scheme is to attract and retain the best personnel, to provide additional incentive to the eligible participants under the Scheme.

Under the Scheme, the directors of the Company may at their absolute discretion and subject to the terms of the Scheme, grant options to any employees (full-time or part-time), directors, consultants, advisors, substantial shareholder, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group, to subscribe for shares of the Company. The eligibility of any participants to the grant of any options shall be determined by the directors of the Company (or as the case maybe, the independent non-executive directors of the Company) from time to time on the basis of the directors' opinion as to their contribution or potential to the development and growth of the Group.

The aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share options schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share options schemes of the Company if this will result in the limit being exceeded. The maximum number of shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company as from the adoption date must not in aggregate exceed 10% of all the shares in issue upon the date on which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at anytime by approval of the Company's shareholders in general meeting provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit.

22 SHARE OPTION SCHEME (CONTINUED)

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Scheme or any other share option schemes of the Company in any 12-month period up to date of grant shall not exceed 1% of the shares of the Company in issue. Where any further grant of options to a participant under the Scheme would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his/her close associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the grantee). Where any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective close associates would result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HK$5 million must be approved by the Company's shareholders at the general meeting of the Company, with voting to be taken by way of poll.

The offer of a grant of share options might be accepted in writing within 7 days from the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. A nominal consideration of HK$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 7 days from the date of the offer).

The subscription price shall be a price solely determined by the board of directors of the Company and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the offer date; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date; and (iii) the nominal value of the Company's share on the offer date.

The Scheme shall be valid and effective for a period of ten years commencing on 3 September 2016, subject to early termination provisions contained in the Scheme.

No share options were granted, exercised, cancelled or lapsed since the adoption of the Scheme and there were no share option outstanding as at 31 March 2017.

23 TRADE AND OTHER PAYABLES

	2017 HK$'000	2016 HK$'000
Trade payables	**3,851**	16,737
Retention payables *(Note (b))*	**2,881**	2,688
Accruals and other payables	**3,033**	3,243
	9,765	22,668

Notes:

(a) Payment terms granted by suppliers are generally 0 to 60 days (2016: 0 to 60 days).

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

	2017 HK$'000	2016 HK$'000
0–30 days	**2,235**	13,002
31–60 days	**626**	2,497
61–90 days	**9**	1,238
Over 90 days	**981**	–
	3,851	16,737

(b) All the remaining balances were settled in accordance with the terms of respective contract.

(c) All trade and other payables are denominated in HK$.

24 FINANCE LEASE LIABILITIES

The Group had finance leases repayable as follows:

	2017		2016	
	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000
Within one year	**4,974**	**5,189**	5,499	5,934
More than one year but no more than two years	**2,938**	**2,977**	5,489	5,712
More than two years but no more than five years	**–**	**–**	2,938	2,977
	7,912	**8,166**	13,926	14,623
Less: total future interest expenses		**(254)**		(697)
Present value of lease obligations		**7,912**		13,926

As at 31 March 2017, none of the Group's motor vehicles is under finance lease (2016: approximately HK$1,518,000) *(Note 14)*.

The Group's machineries with aggregate net book value of approximately HK$10,741,000 as at 31 March 2017 (2016: approximately HK$14,298,000) *(Note 14)* are secured as the rights to the leased assets revert to the lessors in the event of default.

The Group had committed finance lease facilities which bore interest at 3.6% to 4.3% per annum as at 31 March 2017 (2016: 3.6% to 5.6%).

The carrying amounts of all finance lease liabilities are denominated in HK$.

25 DEFERRED TAX LIABILITIES

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Provision for impairment of trade receivables	Tax depreciation	Total
	HK$'000	HK$'000	HK$'000
As at 31 March 2015 and 1 April 2015	(270)	1,242	972
Charged to profit or loss *(Note 10)*	–	779	779
As at 31 March 2016 and 1 April 2016	(270)	2,021	1,751
Charged to profit or loss *(Note 10)*	270	12	282
As at 31 March 2017	**–**	**2,033**	**2,033**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets in respect of the tax losses as the directors of the Company consider that it is uncertain as to the extent that future profits will be available against which tax losses can be utilised in the foreseeable future.

As at 31 March 2017, the Group has unused tax losses of approximately HK$10,636,000 (2016: approximately HK$10,518,000), which are available for offset against future profits that may be carried forward indefinitely and are subject to approval from the Hong Kong Inland Revenue Department.

26 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before income tax to net cash generated from operations

	2017 HK$'000	2016 HK$'000
Profit before income tax	**24,081**	32,324
Adjustments for:		
Depreciation	**6,925**	5,469
Interest expense	**435**	283
Interest income	**(348)**	(20)
Gain on disposal of property, plant and equipment	**(92)**	(223)
Operating profit before working capital changes	**31,001**	37,833
(Increase)/Decrease in gross amounts due from customers for contract work	**(5,962)**	4,821
Increase in trade and other receivables	**(1,558)**	(16,956)
Decrease in amounts due from directors	**–**	20,076
Decrease in amount due from a related company	**–**	2,321
Increase in bank deposits	**(13)**	(900)
(Decrease)/Increase in gross amounts due to customers for contract work	**(3,456)**	3,456
(Decrease)/Increase in trade and other payables	**(12,909)**	3,970
Net cash generated from operations	**7,103**	54,621

(b) Non-cash transactions

No non-cash transaction in additions to property, plant and equipment were financed by finance lease arrangements during the year ended 31 March 2017. (2016: approximately HK$11,794,000).

27 COMMITMENTS

Operating lease commitments — Group as lessee

As at the reporting date, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	2017 HK$'000	2016 HK$'000
Within one year	**593**	900
In the second to fifth years inclusive	**893**	264
	1,486	1,164

The Group is the lessee in respect of premises and car park under operating leases. The leases typically run for initial periods ranging from 1 month to 3 years.

28 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

(a) The directors of the Company are of the view that the following company that had transactions with the Group is a related party:

Name	**Relationship with the Group**
Hop Kee Development Co., Limited	A related company was owned by Mr. YH Wong and Mr. Tony Wong as to 50% and 30% respectively.

(b) Transactions with related party

	Notes	**2017** **HK$'000**	2016 HK$'000
Rental of office and car park paid to:			
Hop Kee Development Co., Limited	*(i) & (ii)*	**180**	176

Notes:

(i) The rental expenses for premises and car parking spaces payable to the above related party are based on the agreements entered into between the parties involved.

(ii) These related party transactions also constitute connected transactions under the Rules Governing the Listing of Securities on the Stock Exchange.

(c) The emoluments of the directors and senior executives (representing the key management personnel) during the years ended 31 March 2017 and 2016 are disclosed in Note 8.

29 STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

	2017 HK$'000
Non-current assets	
Investment in a subsidiary	–*
Current assets	
Other receivable and prepayment	363
Amounts due from subsidiaries	69,540
Bank deposit	4,000
Bank balances	20,345
Total assets	94,248
Current liabilities	
Accruals	108
Amount due to a subsidiary	1
Total liabilities	109
EQUITY	
Capital and reserves	
Share capital	40,000
Reserve *(Note (a))*	54,139
Total equity	94,139
Total equity and liabilities	94,248
Net current assets	94,139
Total assets less current liabilities	94,139

* *Represent — amount less than HK$1,000.*

29 STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (CONTINUED)

Note (a) Reserve of the Company

	Share premium HK$'000	Merger reserve HK$'000	Accumulated loss HK$'000	Total HK$'000
Balance as at 3 May 2016 (date of incorporation)	–	–	–	–
Profit and total comprehensive income for the period	–	–	17,517	17,517
Dividend	–	–	(20,001)	(20,001)
Reorganisation	–	(2)	–	(2)
Shares issued pursuant to the capitalisation issue	(31,998)	–	–	(31,998)
Shares issued pursuant to the share offer	96,000	–	–	96,000
Shares issuance costs	(7,377)	–	–	(7,377)
Balance as at 31 March 2017	**56,625**	**(2)**	**(2,484)**	**54,139**

Summary of Financial Information

The financial summary of the Group for the last four years is set as follows:

RESULTS

	For the year ended 31 March			
	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**218,648**	192,154	166,510	75,548
Direct costs	**(167,403)**	(146,465)	(124,659)	(51,423)
Gross profit	**51,245**	45,689	41,851	24,125
Other income and gain	**1,497**	880	804	125
Administrative and other operating expenses	**(28,226)**	(13,962)	(7,894)	(3,451)
Finance costs	**(435)**	(283)	(9)	(6)
Profit before income tax	**24,081**	32,324	34,752	20,793
Income tax expense	**(5,923)**	(6,771)	(6,542)	(3,412)
Profit and total comprehensive income for the year attributable to owners of the Company	**18,158**	25,553	28,210	17,381

	As at 31 March			
	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**20,557**	22,645	12,098	2,464
Current assets	**155,962**	84,619	69,418	41,928
Non-current liabilities	**4,971**	10,178	1,019	347
Current liabilities	**14,739**	35,057	27,821	19,679
Equity attributable to owners of the Company	**156,809**	62,029	52,676	24,366