

Man King Holdings Limited 萬景控股有限公司

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




2017 INTERIM REPORT



Man King
萬景控股

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Lo Yuen Cheong (*Chairman*)
Lo Yick Cheong

Non-executive Director

Chan Wai Ying

Independent non-executive Directors

Leung Wai Tat Henry
Lo Man Chi
Chau Wai Yung

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Wan Ho Yin

SOLICITORS

CFN Lawyers in association
with Broad & Bright
Maples and Calder

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited

Industrial and Commercial Bank of China
(Asia) Limited

REGISTERED OFFICE

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

PRINCIPAL OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

2193

WEBSITE

<http://www.manking.com.hk>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in providing civil engineering services in Hong Kong as main contractor.

The engineering works undertaken by the Group are mainly related to (i) roads and drainage (including associated building works and electrical and mechanical works); (ii) site formation (including associated infrastructure works); and (iii) port works. The Group undertakes engineering projects in both public and private sectors and, being a main contractor, participates in the procurement of materials, machineries and equipment, selection of subcontractors, carrying out on-site supervision, monitoring work progress and overall co-ordination of day-to-day work of the projects.

As at 30 September 2017, the Group had five projects in progress, and several completed projects yet to receive the final contract sum, with a total estimated outstanding contract sum and work order value of approximately HK\$427.6 million. Subsequent to 30 September 2017, a joint venture established by a wholly-owned subsidiary of the Company and an independent third party (the "JV") has entered into a contract with a customer, who is also an independent third party of the Group and the JV. Total contract sum thereunder is approximately HK\$540.0 million.

FUTURE OUTLOOK

Hong Kong's construction industry's robust growth remains predominantly to be driven by several large infrastructure development projects undertaken by the government and the expansion plans of private developers to meet housing sector demand. The local construction industry is expected to be continuously benefited from these several large-scale infrastructure projects. These mega size projects, however demand tremendous technical resources and financial funding; thus impose incredible challenges, if not disadvantages, to local contractors to compete with international and Mainland Chinese contractors. In addition, the Hong Kong Government also introduced new NEC form of contract, which is on a 'Gain and Pain' share basis with the clients, in the last few years and will be fully implemented for all public works in 2018. This new contract form aims for balancing the contractor's risk and profit. As a result, we see that, among the increasing construction and labour costs, the gross profits for certain new public works contracts may not be as high as those similar contracts undertaken in previous years. Considering these market conditions, the Group remains prudent and continues cautiously to maintain a healthy liquidity and would only consider significant investment or expansion when the Group has secured certain large scale projects. We also maintain our belief that it is more crucial to earn reasonable profit margin than revenue to ensure profitability to our stakeholders and delivery of quality works to our clients.

As the local construction remains very competitive, the Group continues to seek cooperation with other local and international contractors in the form of joint venture to optimize its competitive strength to bid the tenders and, if contracts are secured, execute the works more effectively and economically. In November 2017, our joint venture was awarded a 42 months contract of contract sum HK\$540 million by the HKSAR Water Supplies Department to lay 10km long 1.2m diameter fresh water mains as advance works for the proposed desalination plant in Tseung Kwan O. The Group delights to see this award not only complements its construction capability to include the public Waterworks but also to provide stable revenue and cash flow in the coming financial years.

FINANCIAL REVIEW

Condensed consolidated statement of profit or loss

Revenue

The Group's revenue for the six months ended 30 September 2017 was approximately HK\$121.8 million, representing an increase of approximately 49.0% from approximately HK\$81.8 million in the same period of the last financial year. This increase was mainly due to the combined effect of:

- (i) higher revenue of approximately HK\$84.0 million for three projects commenced in late 2016 or 2017;
- (ii) higher revenue of approximately HK\$20.0 million for two projects in progress during the six months ended 30 September 2017;
- (iii) lower revenue of approximately HK\$39.9 million for projects for the six months ended 30 September 2017 as compared to the revenue of approximately HK\$44.0 million recognised for the same projects which had been completed before 2017; and
- (iv) lower revenue of approximately HK\$24.1 million for one project commenced in 2012 and completed during the six months ended 30 September 2017; and another project commenced in 2015 and substantially completed during the six months ended 30 September 2017.

Gross profit

The gross profit margin decreased from approximately 28.0% for the six months ended 30 September 2016 to approximately 14.6% for the six months ended 30 September 2017, primarily due to substantial completion of projects on hand with higher profit margin and less additional contract sums agreed at the final stage were recognised for the six months ended 30 September 2017. The expected gross profit margin for new projects is lower than those undertaken in previous years which reflect keen competition in the construction industry.

Other income

Other income was approximately HK\$769,000 and HK\$1,761,000 for the six months ended 30 September in 2017 and 2016, respectively. The decrease was mainly due to less dividend income received from held-for-trading investments and other sundry income.

Other gains and losses

Other gains were approximately HK\$1,088,000 and HK\$714,000 for the six months ended 30 September 2017 and 2016, respectively. The increase was mainly due to the exchange gain as a result of the appreciation of foreign currencies offset with the decreasing gain on disposal of property, plant and equipment and net change in fair value of held-for-trading investments.

Administrative expenses

Administrative expenses for the six months ended 30 September 2017 were approximately HK\$12.9 million, representing a decrease of 7.5% from approximately HK\$13.9 million in same period of the last financial year. This was mainly attributable to the decrease in the share-based payment transactions as a result of the lapse of first tranche share options in July 2017, and the decrease in tender expenses on hiring experts for tendering the projects during the six months ended 30 September 2017.

Income tax expense

The effective tax rates for the six months ended 30 September 2016 and 2017 were approximately 19.2% and 19.3%, respectively. The effective tax rate for the six months ended 30 September 2017 was higher than the statutory profit tax rate of 16.5%, which was mainly due to the increase in tax effect of tax losses not recognised by the Company during the six months ended 30 September 2017.

Profit for the period

For the six months ended 30 September 2017, the Group recorded net profit of approximately HK\$5.5 million, representing a decrease of approximately HK\$3.7 million as compared to the net profit of approximately HK\$9.2 million for the corresponding period in the last financial year. This was mainly due to the decrease in gross profit margin during the six months period ended 30 September 2017 as mentioned above.

Condensed consolidated statement of financial position

Net assets of the Group increased by 2.0% from approximately HK\$273.3 million as at 31 March 2017 to approximately HK\$278.8 million as at 30 September 2017.

Non-current assets increased by 44.4% from approximately HK\$11.2 million to approximately HK\$16.1 million, primarily due to the deposit for construction equipment and motor vehicles.

Net current assets increased by 0.2% from approximately HK\$262.7 million to approximately HK\$263.1 million, primarily due to the increase in amounts due from customers for contract works.

Liquidity and financial resources

As at 30 September 2017, the Group had bank balances and cash of approximately HK\$167.9 million (31 March 2017: HK\$181.9 million), which were mainly denominated in Hong Kong dollars, Renminbi and British Pound. The Group is exposed to the currency risks for fluctuation in exchange rates of Renminbi and British Pound. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates and has not adopted any currency hedging policy or other hedging instruments. The Group will continue to monitor its exposure to the currency risks closely.

The Group adopts a prudent approach in cash management and there was no interest bearing borrowings as at 30 September 2017 (31 March 2017: nil).

The Group had available unutilised bank borrowings facilities of HK\$15.2 million as at 30 September 2017 (31 March 2017: HK\$15.2 million).

Capital structure and gearing ratio

As at 30 September 2017, the Group's total equity was approximately HK\$278.8 million (31 March 2017: HK\$273.3 million) comprising ordinary share capital, share premium and reserves.

The gearing ratio of the Group, defined as a percentage of interest bearing liabilities divided by the total equity, is nil as at 30 September 2017 (31 March 2017: nil).

For details of pledged assets and performance bonds and contingent liability of the Group, please refer to notes 14 and 22 to the condensed consolidated financial statements accordingly.

New Business

During the six months ended 30 September 2017, the Company did not commence any new type of business.

Significant investments

During the six months ended 30 September 2017, the Company did not hold any significant investment.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the six months ended 30 September 2017, there was no material acquisition or disposal of subsidiaries and associated companies by the Company.

DISCLOSURE OF INTERESTS

DIRECTORS' AND THE CHIEF EXECUTIVE'S INTERESTS IN THE SHARES OF THE COMPANY

As at 30 September 2017, the interests and/or short positions of the Directors and Chief Executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), which or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

Name of Director and Group member/ associated corporation	Capacity/nature	Number of issued ordinary shares held (long position)	Number of Underlying shares (in respect of the share options (unlisted equity derivatives)) of the Company held ^(Note 2)	Percentage of the issued share capital of the company
Lo Yuen Cheong of the Company	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse ^(Note 1)	300,000,000	–	71.46%
	Beneficial owner	1,992,000	1,750,000	0.89%
Lo Yick Cheong of the Company	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse ^(Note 1)	300,000,000	–	71.46%
	Beneficial owner	–	1,750,000	0.42%

Name of Director and Group member/ associated corporation	Capacity/nature	Number of issued ordinary shares held (long position)	Number of Underlying shares (in respect of the share options (unlisted equity derivatives)) of the Company held ^(Note 2)	Percentage of the issued share capital of the company
Chan Wai Ying of the Company	Beneficial owner	1,500,000	1,500,000	0.71%
Leung Wai Tat Henry of the Company	Beneficial owner	100,000	–	0.02%
Lo Yuen Cheong of Jade Vantage Holdings Limited	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse ^(Note 1)	50,000 of US\$1 each	–	100%
Lo Yick Cheong of Jade Vantage Holdings Limited	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse ^(Note 1)	50,000 of US\$1 each	–	100%

Notes:

1. Jade Vantage Holdings Limited, which owns 71.46% of the issued share capital of our Company, is owned as to 100% by LOs Brothers (PTC) Limited, the trustee of the Los Family Trust. Mr. Lo Yuen Cheong, Mr. Lo Yick Cheong and each of their spouses are co-founders of the Los Family Trust, which holds the entire issued share capital of Jade Vantage Holdings Limited, which holds 300,000,000 Shares. By virtue of the SFO, Mr. Lo Yuen Cheong and Mr. Lo Yick Cheong are deemed to be interested in the Shares in which Jade Vantage Holdings Limited is interested.
2. The relevant Director was granted options to subscribe for such number of Shares under the Share Option Scheme adopted by the Company on 3 June 2015.

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

SUBSTANTIAL SHAREHOLDERS AND OTHER INTERESTS

As at 30 September 2017, so far as the directors are aware, the following persons (not being a Director or a Chief Executive of the Company) will have an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Nature of interest	Number of issued ordinary shares held (long position)	Percentage of the issued share capital of the Company
LOs Brothers (PTC) Limited	Interest in a controlled corporation	300,000,000	71.46%
Jade Vantage Holdings Limited	Beneficial owner	300,000,000	71.46%
Tam Wai Sze, Vera	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	300,000,000	71.46%
Cheung Suk Ching, Savonne	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	300,000,000	71.46%

Note: Jade Vantage Holdings Limited, which owns 71.46% of the issued share capital of our Company, is owned as to 100% by LOs Brothers (PTC) Limited, the trustee of the Los Family Trust. Mr. Lo Yuen Cheong, Mr. Lo Yick Cheong and each of their spouses are co-founders of the Los Family Trust, which holds the entire issued share capital of Jade Vantage Holdings Limited, which holds 300,000,000 Shares. By virtue of the SFO, Mr. Lo Yuen Cheong and Mr. Lo Yick Cheong are deemed to be interested in the Shares in which Jade Vantage Holdings Limited is interested.

Save as disclosed above, no other person (other than Directors or Chief Executive of the Company) has an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

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

The outstanding share options granted as disclosed in the announcement of the Company dated 15 July 2015 entitled the relevant grantees to subscribe for an aggregate 25,000,000 new shares of HK\$0.01 each in the share capital of the Company. Detail of movements of the options granted to the Directors under the Share Option Scheme for the six months ended 30 September 2017 is as follows:

Name of Directors	Date of grant	Exercisable period	Exercise price HK\$	Outstanding at 1.4.2017	Number of share options			Outstanding at 30.9.2017
					Granted during the period	Exercised during the period	Cancelled during the period	
Lo Yuen Cheong	15 July 2015	15 July 2016 to 14 July 2017	1.1	1,750,000	-	-	(1,750,000)	-
		15 July 2017 to 14 January 2018	1.1	1,750,000	-	-	-	1,750,000
Lo Yick Cheong	15 July 2015	15 July 2016 to 14 July 2017	1.1	1,750,000	-	-	(1,750,000)	-
		15 July 2017 to 14 January 2018	1.1	1,750,000	-	-	-	1,750,000
Chan Wai Ying	15 July 2015	15 July 2017 to 14 January 2018	1.1	1,500,000	-	-	-	1,500,000
				<u>8,500,000</u>	<u>-</u>	<u>-</u>	<u>(3,500,000)</u>	<u>5,000,000</u>

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

Employees	Date of grant	Exercisable period	Exercise price HK\$	Outstanding at 1.4.2017	Number of share options			Outstanding at 30.9.2017
					Granted during the period	Exercised during the period	Cancelled during the period	
	15 July 2015	15 July 2016 to 14 July 2017	1.1	2,936,000	-	-	(2,936,000)	-
		15 July 2017 to 14 January 2018	1.1	6,938,000	-	-	-	6,938,000
				<u>9,874,000</u>	<u>-</u>	<u>-</u>	<u>(2,936,000)</u>	<u>6,938,000</u>

No option was granted or exercised during the six months ended 30 September 2017.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The Company has adopted, applied and complied with the code provisions of Corporate Governance Code set out in Appendix 14 to the Listing Rules on the Stock Exchange for the six months ended 30 September 2017, except for provision A.2.1 in respect of the separate roles of the chairman and chief executive officer.

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

DIRECTORS' SECURITIES TRANSACTIONS

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

Specific enquiry has been made with all the Directors and the Directors have confirmed that they have complied with the required standards set out in the Model Code for the six months ended 30 September 2017.

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

During the six months ended 30 September 2017, 684,000 shares of HK\$0.01 each were repurchased by the Company at prices ranging from HK\$0.80 to HK\$0.92 per share on the Stock Exchange.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 September 2017.

REVIEW OF INTERIM RESULTS

The audit committee of the Company and the Company's external auditor have reviewed the accounting policies adopted by the Group and the unaudited consolidated interim financial results for the six months ended 30 September 2017.

EMOLUMENT POLICY

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

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

As at 30 September 2017, the Group had an aggregate of 128 full-time employees (31 March 2017: 125 full-time employees). Employee costs excluding directors' emoluments totalled HK\$23.4 million for the six months ended 30 September 2017 (six months ended 30 September 2016: HK\$19.3 million). The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees including the directors with reference to individual performance and current market salary scale.

By Order of the Board

Lo Yuen Cheong

Chairman and Executive Director

30 November 2017

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

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TO THE BOARD OF DIRECTORS OF MAN KING HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Man King Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 17 to 42, which comprises the condensed consolidated statement of financial position as of 30 September 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

30 November 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	NOTES	Six months ended	
		30.9.2017 <i>HK\$'000</i> (Unaudited)	30.9.2016 <i>HK\$'000</i> (Unaudited)
Revenue	3	121,824	81,760
Cost of services		(104,002)	(58,897)
Gross profit		17,822	22,863
Other income	4	769	1,761
Other gains and losses	5	1,088	714
Administrative expenses		(12,892)	(13,943)
Profit before tax	6	6,787	11,395
Income tax expense	7	(1,311)	(2,184)
Profit and total comprehensive income for the period		5,476	9,211
Earnings per share			
Basic and diluted (in HK cents)	8	1.30	2.22

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2017

	NOTES	30.9.2017 HK\$'000 (Unaudited)	31.3.2017 HK\$'000 (Audited)
Non-current assets			
Investment property	10	2,350	2,310
Property, plant and equipment	10	8,987	8,873
Deposit for property, plant and equipment		4,806	–
		16,143	11,183
Current assets			
Amounts due from customers for contract works	11	81,121	64,153
Debtors, deposits and prepayments	12	45,179	49,784
Amounts due from joint operations	13(i)	17,634	8,443
Tax recoverable		2,602	2,602
Held-for-trading investments		9,094	5,485
Pledged bank deposits	14	4,891	4,644
Bank balances and cash	14	167,911	181,926
		328,432	317,037

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

AT 30 SEPTEMBER 2017

	NOTES	30.9.2017 HK\$'000 (Unaudited)	31.3.2017 HK\$'000 (Audited)
Current liabilities			
Amounts due to customers for contract works	11	11,567	11,481
Creditors and accrued charges	15	40,337	35,005
Amounts due to other partners of joint operations	13(ii)	12,420	7,666
Tax liabilities		992	225
		<u>65,316</u>	<u>54,377</u>
Net current assets		<u>263,116</u>	<u>262,660</u>
Total assets less current liabilities		279,259	273,843
Non-current liability			
Deferred tax liabilities		<u>494</u>	<u>502</u>
Net assets		<u>278,765</u>	<u>273,341</u>
Capital and reserves			
Share capital	16	4,198	4,205
Share premium and reserves		<u>274,567</u>	<u>269,136</u>
Total equity		<u>278,765</u>	<u>273,341</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Share capital	Share premium	Share options reserve	Property revaluation reserve	Other reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2016 (audited)	4,150	80,175	2,059	1,193	33,600	135,445	256,622
Profit and total comprehensive income for the period	-	-	-	-	-	9,211	9,211
Issue of shares upon exercise of share options	19	2,327	(230)	-	-	-	2,116
Share issue expenses	-	(3)	-	-	-	-	(3)
Share-based compensation (note 17)	-	-	1,291	-	-	-	1,291
At 30 September 2016 (unaudited)	<u>4,169</u>	<u>82,499</u>	<u>3,120</u>	<u>1,193</u>	<u>33,600</u>	<u>144,656</u>	<u>269,237</u>
At 1 April 2017 (audited)	4,205	87,053	3,316	1,193	33,600	143,974	273,341
Profit and total comprehensive income for the period	-	-	-	-	-	5,476	5,476
Share repurchased and cancelled (note 16)	(7)	(579)	-	-	-	-	(586)
Transfer of share options reserve upon expiry of share options	-	-	(1,084)	-	-	1,084	-
Share-based compensation (note 17)	-	-	534	-	-	-	534
At 30 September 2017 (unaudited)	<u>4,198</u>	<u>86,474</u>	<u>2,766</u>	<u>1,193</u>	<u>33,600</u>	<u>150,534</u>	<u>278,765</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Six months ended	
	30.9.2017 <i>HK\$'000</i> (Unaudited)	30.9.2016 <i>HK\$'000</i> (Unaudited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	<u>(3,675)</u>	<u>7,021</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,283)	(1,074)
Proceeds from disposal of property, plant and equipment	171	430
Deposits paid for acquisition of property, plant and equipment	(4,806)	–
Advances to joint operations	(5,551)	(412)
Placement of pledged bank deposits	(4,891)	(4,730)
Withdrawal of pledged bank deposits	4,644	4,733
Interest received	<u>363</u>	<u>298</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(11,353)</u>	<u>(755)</u>
FINANCING ACTIVITIES		
Advance from other partners of a joint operation	810	–
Repayment to other partners of a joint operation	–	(6)
Payment on repurchases of shares	(586)	–
Proceeds from issue of shares	–	2,116
Share issue cost directly attributable to issue of new shares	<u>–</u>	<u>(3)</u>
NET CASH FROM FINANCING ACTIVITIES	<u>224</u>	<u>2,107</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Six months ended	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(14,804)	8,373
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	181,926	167,001
Effect of foreign exchange rate changes	<u>789</u>	<u>(763)</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	<u>167,911</u>	<u>174,611</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2017.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Additional disclosures about changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ending 31 March 2018.

3. REVENUE AND SEGMENT INFORMATION

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

	Six months ended	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Civil engineering works	121,813	81,750
Consultancy fee income	11	10
	<u>121,824</u>	<u>81,760</u>

Information reported to the management of the Group, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance is on a project by project basis. Each individual project constitutes an operating segment. For operating segments that have similar economic characteristics, they are produced using similar production process, distributed and sold to similar classes of customers and under similar regulatory environment, and their segment information is aggregated into civil engineering works as single reportable segment. The management of the Group assesses the performance of the reportable segment based on the revenue and gross profit for the period of the Group as presented in the condensed consolidated statement of profit or loss and other comprehensive income.

No analysis of the Group's assets and liabilities is disclosed as such information is not regularly provided to the management of Group for review.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

4. OTHER INCOME

	Six months ended	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	363	298
Rental income from investment property	33	39
Dividend income from held-for-trading investments	312	687
Others	61	737
	769	1,761

5. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	162	426
Change in fair value of held-for-trading investments, net	97	1,051
Change in fair value of investment property	40	–
Net exchange gains (losses)	789	(763)
	1,088	714

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

6. PROFIT BEFORE TAX

	Six months ended	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit before tax has been arrived at after charging:		
Directors' emoluments	3,753	4,245
Other staff salaries and other allowances	22,322	17,996
Other staff share-based compensation expenses	310	703
Other staff retirement benefit scheme contributions	754	645
Less: amounts included in cost of services	(18,581)	(15,034)
	8,558	8,555
Depreciation of property, plant and equipment	1,160	648
Less: amounts included in cost of services	(715)	(166)
	445	482
Operating lease rentals in respect of land and buildings	1,218	793

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

7. INCOME TAX EXPENSE

	Six months ended	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong	936	2,162
Underprovision in prior periods	383	–
	1,319	2,162
Deferred taxation	(8)	22
	1,311	2,184

The Group is subjected to Hong Kong Profits Tax at a rate of 16.5% for both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

8. EARNINGS PER SHARE

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

	Six months ended	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share	<u>5,476</u>	<u>9,211</u>
	'000	'000
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic and diluted earnings per share	<u>420,442</u>	<u>415,757</u>

The diluted earnings per share does not assume the effect from the Company's outstanding share options (note 17) as the exercise price of those options is higher than the average market price for shares during the current and prior interim periods.

9. DIVIDEND

No dividends were paid, declared or proposed by the Company during the current and prior interim periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the current interim period, the Group spent approximately HK\$1,283,000 (six months ended 30 September 2016: HK\$1,074,000) on property, plant and equipment, mainly including equipment for construction works and motor vehicles.

The Group's investment property as at the end of the reporting period has been arrived at on the basis of a valuation carried out by BMI Appraisals Limited (the "Valuer"), an independent qualified professional valuer not connected with the Group. The fair value, classified as Level 3 of the fair value hierarchy as at 30 September 2017, was arrived at by reference to market evidence of transaction prices for similar properties in similar location and conditions. In estimating the fair value of the property, the highest and best use of the property is their current use. The fair value of investment property as at 30 September 2017 was approximately HK\$2,350,000 (31 March 2017: HK\$2,310,000).

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

Investment property held by the Group in the consolidated statement of financial position	Valuation technique and fair value hierarchy	Significant unobservable input(s)	Relationship of unobservable input to fair value
Property in Kwai Chung	Direct comparison Method, Level 3	Unit sale rate, taking into account the age, location, and individual factor, such as frontage and size, between the comparable properties, from HK\$6,200 to HK\$6,600 (31 March 2017: from HK\$5,800 to HK\$6,800) per square feet on saleable floor area basis.	An increase in the unit sale rate used would result in an increase in the fair value of the investment property by the same percentage increase, and vice versa.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

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

	30.9.2017 <i>HK\$'000</i> (Unaudited)	31.3.2017 <i>HK\$'000</i> (Audited)
Contracts in progress at the end of the reporting periods:		
Contract costs incurred plus recognised profits less recognised losses	906,235	1,078,627
Less: progress billings	(836,681)	(1,025,955)
	69,554	52,672
Analysed for reporting purposes as:		
Amounts due from customers for contract works	81,121	64,153
Amounts due to customers for contract works	(11,567)	(11,481)
	69,554	52,672

No advances were received from customers at 30 September 2017 and 31 March 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	30.9.2017 <i>HK\$'000</i> (Unaudited)	31.3.2017 <i>HK\$'000</i> (Audited)
Trade receivables	20,575	22,284
Retention receivables	13,657	14,512
Other debtors, deposits and prepayments		
— Deposits and prepaid expenses (<i>note</i>)	7,936	11,698
— Others	3,011	1,290
	45,179	49,784

Note: As at 30 September 2017, included in deposits and prepaid expenses is a deposit of HK\$25,000 (31 March 2017: HK\$2,465,000) which has been placed and pledged to an insurance institution to secure performance bonds issued by that institution to customers of the Group (*note 22*).

The Group allows credit period up to 60 days to certain customers.

The aged analysis of the Group's trade receivables based on certification/invoice dates at the end of each reporting period are as follows:

	30.9.2017 <i>HK\$'000</i> (Unaudited)	31.3.2017 <i>HK\$'000</i> (Audited)
Trade receivables:		
0–30 days	19,968	21,882
31–60 days	160	402
61–90 days	447	–
	20,575	22,284

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

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

	30.9.2017 HK\$'000 (Unaudited)	31.3.2017 <i>HK\$'000</i> (Audited)
Retention receivables:		
Due within one year	9,940	10,451
Due after one year	3,717	4,061
	<hr/> 13,657	<hr/> 14,512
	<hr/> 13,657	<hr/> 14,512

Included in the Group's trade receivables are debtors with carrying amounts of HK\$447,000 (31 March 2017: Nil) as at 30 September 2017 which are past due but not impaired. As there had not been a significant change in credit quality, the amounts were still considered recoverable.

13. AMOUNTS DUE FROM JOINT OPERATIONS AND AMOUNTS DUE TO OTHER PARTNERS OF JOINT OPERATIONS

(i) The amounts due from joint operations comprise:

	30.9.2017 HK\$'000 (Unaudited)	31.3.2017 <i>HK\$'000</i> (Audited)
Trade related <i>(note a)</i>	3,459	6,109
Non-trade related <i>(note b)</i>	14,175	2,334
	<hr/> 17,634	<hr/> 8,443
	<hr/> 17,634	<hr/> 8,443

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

13. AMOUNTS DUE FROM JOINT OPERATIONS AND AMOUNTS DUE TO OTHER PARTNERS OF JOINT OPERATIONS *(Continued)*

- (i) The amounts due from joint operations comprise: *(Continued)*

Notes:

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

	30.9.2017 HK\$'000 (Unaudited)	31.3.2017 <i>HK\$'000</i> <i>(Audited)</i>
Due from joint operations:		
0–30 days	–	2,646
31–60 days	–	4
	<hr/>	<hr/>
	–	2,650
	<hr/>	<hr/>
Retention receivables:		
Due within one year	3,459	3,459
	<hr/>	<hr/>
	3,459	6,109
	<hr/>	<hr/>

There is no past due balance as at 30 September 2017 (31 March 2017: Nil).

- (b) The amounts are unsecured, interest-free and expected to be realised within 12 months from the end of the reporting period.
- (ii) The amounts due to other partners of joint operations comprise:

	30.9.2017 HK\$'000 (Unaudited)	31.3.2017 <i>HK\$'000</i> <i>(Audited)</i>
Trade related <i>(note a)</i>	2,048	5,666
Non-trade related <i>(note b)</i>	10,372	2,000
	<hr/>	<hr/>
	12,420	7,666
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

13. AMOUNTS DUE FROM JOINT OPERATIONS AND AMOUNTS DUE TO OTHER PARTNERS OF JOINT OPERATIONS (Continued)

(ii) The amounts due to other partners of joint operations comprise: (Continued)

Notes:

- (a) The credit period on amounts due to other partners of joint operations is 60 days. The aged analysis of the Group's trade-related amounts due to other partners of joint operations based on certification/invoice dates at the end of each reporting period is as follows:

	30.9.2017 HK\$'000 (Unaudited)	31.3.2017 HK\$'000 (Audited)
Due to other partners of joint operations:		
0–30 days	<u>172</u>	<u>3,790</u>
Retention payables:		
Due within one year	<u>1,876</u>	<u>1,876</u>
	<u>2,048</u>	<u>5,666</u>

- (b) The amounts are unsecured, interest-free and expected to be realised within 12 months from the end of the reporting period.

14. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

The pledged bank deposits of the Group are pledged to a bank for securing the performance bond issued by a bank to the Group's customer on behalf of the Group as a guarantee (note 22).

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

15. CREDITORS AND ACCRUED CHARGES

	30.9.2017 <i>HK\$'000</i> (Unaudited)	31.3.2017 <i>HK\$'000</i> (Audited)
Trade payables	29,478	27,001
Retention payables	9,090	6,674
Other payables and accruals		
Accrued wages	936	250
Accrued operating expenses	419	15
Other payables	414	1,065
	<hr/> 40,337 <hr/>	<hr/> 35,005 <hr/>

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

	30.9.2017 <i>HK\$'000</i> (Unaudited)	31.3.2017 <i>HK\$'000</i> (Audited)
Trade payables:		
0–30 days	18,912	16,332
31–60 days	8,568	8,510
61–90 days	979	143
Over 90 days	1,019	2,016
	<hr/> 29,478 <hr/>	<hr/> 27,001 <hr/>
	30.9.2017 <i>HK\$'000</i> (Unaudited)	31.3.2017 <i>HK\$'000</i> (Audited)
Retention payables:		
Due within one year	3,640	3,731
Due after one year	5,450	2,943
	<hr/> 9,090 <hr/>	<hr/> 6,674 <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

16. SHARE CAPITAL

	Number of shares	Amount HK\$
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 March 2017 and 30 September 2017	<u>200,000,000,000</u>	<u>2,000,000,000</u>
Issued and fully paid:		
At 1 April 2017	420,502,000	4,205,020
Share repurchased and cancelled	<u>(684,000)</u>	<u>(6,840)</u>
At 30 September 2017	<u>419,818,000</u>	<u>4,198,180</u>

During the period, the Company repurchased its own shares through the Stock Exchange as follows:

	No. of ordinary shares	Price per share		Aggregate consideration paid HK\$000
		Highest HK\$	Lowest HK\$	
Months of repurchase				
July 2017	196,000	0.92	0.88	176
August 2017	<u>488,000</u>	0.89	0.80	<u>410</u>
	<u>684,000</u>			<u>586</u>

The above shares were cancelled upon repurchase. None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

17. SHARE-BASED PAYMENT TRANSACTIONS

The table below discloses movement of the Company's share options held by the Group's directors and employees:

	Number of Share options
Outstanding as at 31 March 2017	18,374,000
Lapsed during the current interim period	<u>(6,436,000)</u>
Outstanding as at 30 September 2017	<u>11,938,000</u>

The share-based compensation recognised during the six months ended 30 September 2017 was approximately HK\$534,000 (six months ended 30 September 2016: HK\$1,291,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

18. OPERATING LEASE COMMITMENTS

The Group as lessee

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

	30.9.2017 HK\$'000 (Unaudited)	31.3.2017 HK\$'000 (Audited)
Within one year	1,556	1,186
In the second to fifth year inclusive	545	561
	2,101	1,747

The leases are generally negotiated for lease terms ranging from 1 to 3 years at fixed rentals.

The Group as lessor

Property rental income earned during the period was HK\$32,500 (six months ended 30 September 2016: HK\$39,000). The Group's investment property is held for rental purpose.

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

	30.9.2017 HK\$'000 (Unaudited)	31.3.2017 HK\$'000 (Audited)
Within one year	–	7

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

19. CAPITAL COMMITMENTS

	30.9.2017	31.3.2017
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Capital expenditure contracted for but not provided in the Group's condensed consolidated financial statements in respect of:		
The Group's share of the capital commitments made jointly with other joint operation partner relating to its joint operation on acquisition of property, plant and equipment	2,216	–

20. RELATED PARTY DISCLOSURES

(i) Transactions

The Group had the following transactions with related parties during the current interim period:

Name of related party	Nature of transaction	Six months ended	
		30.9.2017	30.9.2016
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
C&P (Holdings) Hong Kong Limited	Rental expense <i>(note)</i>	500	486

Note: C&P (Holdings) Hong Kong Limited is a related company in a sibling of the directors and a shareholder of the Company own its entire interest. In August 2015 and November 2016, the Group entered into written tenancy agreements for a term of two years and three years at a monthly rent of HK\$68,000 and HK\$14,300, respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

20. RELATED PARTY DISCLOSURES (Continued)

(ii) Balances and other transactions

Details of balances and other transactions with related parties are set out in note 13.

(iii) Compensation of key management personnel

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

	Six months ended	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short term benefits	6,426	6,855
Post-employment benefits	54	54
	<u>6,480</u>	<u>6,909</u>

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

Held-for-trading non-derivative financial asset is measured at fair value at 30 September 2017. The following table gives information about how the fair value of this financial asset is determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurement is categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurement is observable.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial asset	Fair value as at 30 September 2017 HK\$'000 (Unaudited)	Fair value hierarchy	Valuation technique and key input
Held-for-trading non-derivative financial assets	Listed equity securities in Hong Kong: HK\$5,688,000 (31 March 2017: HK\$5,485,000)	Level 1	Quoted bid prices in an active market
Held-for-trading non-derivative financial assets	Global fund: HK\$3,406,000 (31 March 2017: nil)	Level 2	Quoted prices provided by the fund administrator with reference to the net asset value of the investment fund

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

22. PERFORMANCE BONDS AND CONTINGENT LIABILITY

Certain customers of construction contracts undertaken by the Group require the group entities to issue guarantees for the performance of contract works in the form of performance bonds and secured either by other deposits and pledged bank deposits (notes 12 and 14). The performance bonds are released when the construction contracts are completed or substantially completed.

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

	30.9.2017 HK\$'000 (Unaudited)	31.3.2017 HK\$'000 (Audited)
Issued by the Group's banks	14,000	14,117
Issued by an insurance institution	25	2,465
	14,025	16,582