Twintek Investment Holdings Limited
乙德投資控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 6182)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

FINANCIAL HIGHLIGHTS

	Year ended 31 March	
	2018	2017
Revenue	**HK$280.1 million**	HK$202.3 million
Gross Profit	**HK$56.4 million**	HK$64.2 million
Net Profit	**HK$2.3 million**	HK$28.3 million
Adjusted net profit *(Note)*	**HK$16.0 million**	HK$30.2 million
Basic earnings per share	**HK0.36 cents**	HK4.71 cents

Note: Adjusted net profit is derived from net profit excluding the non-recurring listing expenses of approximately HK$13.7 million incurred during the year ended 31 March 2018 (2017: approximately HK$1.9 million).

The board (the "**Board**") of directors (the "**Directors**") of Twintek Investment Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2018, together with comparative figures of the corresponding period in 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**280,061**	202,319
Cost of sales and services		**(223,628)**	(138,097)
Gross profit		**56,433**	64,222
Other income	*4*	**828**	1,175
Selling and distribution expenses		**(7,928)**	(8,233)
Administrative expenses		**(41,335)**	(20,280)
Finance costs		**(2,414)**	(2,501)
Profit before taxation		**5,584**	34,383
Income tax expenses	*5*	**(3,256)**	(6,090)
Profit and total comprehensive income for the year attributable to the owners of the Company	*6*	**2,328**	28,293
Earnings per share:			
Basic and diluted *(HK cents)*	*8*	**0.36**	4.71

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**26,659**	2,221
Prepayment and deposits paid for life insurance policies		**5,250**	5,051
		31,909	7,272
Current assets			
Inventories		**7,525**	6,190
Amounts due from customers for contract work		**54,500**	40,756
Trade receivables	*9*	**37,955**	32,594
Retention monies receivables	*9*	**17,479**	15,231
Deposits, prepayments and other receivables		**10,890**	6,020
Amounts due from related companies		**–**	11,320
Amounts due from directors		**–**	24
Tax recoverable		**2,987**	–
Pledged bank deposits		**8,057**	18,049
Bank balances and cash		**63,727**	7,320
		203,120	137,504
Current liabilities			
Trade and bills payables	*10*	**30,915**	40,560
Amounts due to customers for contract work		**998**	1,758
Retention monies payables		**2,357**	926
Accrual and other payables		**5,116**	1,722
Bank borrowings		**26,820**	40,879
Tax payable		**–**	4,521
		66,206	90,366
Net current assets		**136,914**	47,138
Total assets less current liabilities		**168,823**	54,410
Non-current liability			
Deferred tax liability		**263**	118
		168,560	54,292
Capital and reserves			
Share capital	*11*	**8,000**	–
Reserves		**160,560**	54,292
		168,560	54,292

NOTES TO THE ANNUAL RESULT ANNOUNCEMENT

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 8 February 2017 and its shares are listed on Main Board of The Stock Exchange of Hong Kong Limited on 17 January 2018. Its ultimate and immediate holding company is also Helios Enterprise Holding Limited ("**Helios**"), a company incorporated in the British Virgin Islands ("**BVI**") with limited liability. Its ultimate controlling parties are Mr. Lo Wing Cheung and Ms. Fung Pik Mei (the "**Controlling shareholders**"). The addresses of the registered office of the Company is PO Box 309 Ugland House Grand Cayman KY1-1104, the Cayman Islands and the principal place of business of the Company is Room 806, 8/F., Eastern Centre, 1065 King's Road, Quarry Bay, Hong Kong.

The Company is engaged in investment holding and its major operating subsidiaries are mainly engaged in sales of building materials and provision of construction and engineering services.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Group.

Pursuant to the reorganisation as described in the section headed "History, Reorganisation and Corporate Structure — Corporate Reorganisation" in the prospectus of the Company dated 29 December 2017 (the "**Reorganisation**"), the Company became the holding company of the companies now comprising the Group after the completion of the Reorganisation on 14 March 2017. The companies now comprising the Group have been under the common control of the ultimate controlling shareholders throughout the period from 1 April 2016 or since their respective dates of incorporation up to 31 March 2017. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group have been prepared on the basis as if the Company had always been the holding company of the companies now comprising the Group throughout the year ended 31 March 2017 by using the principles of merger accounting with reference to Accounting Guideline 5 *Merger Accounting for Common Control Combinations* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Accordingly, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows including the results and cash flows of the companies now comprising the Group for the year ended 31 March 2017 have been prepared as if the current group structure had been in existence throughout the period from 1 April 2016 or since their respective dates of incorporation up to 31 March 2017.

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

For the purposes of preparing and presenting the consolidated financial statements for the two years ended 31 March 2018, the Group has consistently adopted all the new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("**HKASs**"), amendments and interpretations ("**Ints**") issued by the HKICPA which are effective for the Group's financial year beginning on 1 April 2017.

New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[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 19	Employee Benefits[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty Over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective date not yet been determined.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of building materials and construction contracts. The following is an analysis of the Group's revenue for the year:

	2018	2017
	HK$'000	*HK$'000*
Sales of building materials	**50,218**	65,902
Revenue from construction contracts	**229,843**	136,417
	280,061	202,319

Information reported to the directors of the Company, being the chief operating decision maker (the "**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The directors of the Company have chosen to organise the Group around differences in nature of revenue. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

— Sales of building materials — trading of goods on building materials; and

— Construction contracts — provision of construction and engineering services.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 March 2018

	Sales of building materials *HK$'000*	**Construction contracts** *HK$'000*	**Total** *HK$'000*
Segment revenue			
External sales	**50,218**	**229,843**	**280,061**
Segment profit	**18,468**	**37,683**	**56,151**
Unallocated income			**828**
Unallocated corporate expenses			**(48,981)**
Unallocated finance costs			**(2,414)**
Profit before tax			**5,584**

For the year ended 31 March 2017

	Sales of building materials *HK$'000*	Construction contracts *HK$'000*	Total *HK$'000*
Segment revenue			
External sales	65,902	136,417	202,319
Segment profit	27,942	35,972	63,914
Unallocated income			1,175
Unallocated corporate expenses			(28,205)
Unallocated finance costs			(2,501)
Profit before tax			34,383

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs and selling and distribution expenses, directors' emoluments, loss on disposal of property, plant and equipment, other income, finance costs, and non-recurring listing expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2018 *HK$'000*	2017 *HK$'000*
Customer A[1, 2]	**43,044**	N/A*
Customer B[1, 2]	**40,899**	34,867
Customer C[2]	**N/A***	25,576

1 Revenue from construction contracts segment
2 Revenue from sales of building materials segment
* The corresponding revenue did not contribute over 10% of the total revenue of the Group

4. OTHER INCOME

	2018 *HK$'000*	2017 *HK$'000*
Interest income from deposits paid for life insurance policies	**208**	199
Mortgage loan interest reimbursed from a related company	**129**	159
Net foreign exchange gain	**–**	520
Sample income	**117**	254
Rental income	**68**	–
Others	**306**	43
	828	1,175

5. INCOME TAX EXPENSES

	2018 *HK$'000*	2017 *HK$'000*
Current tax:		
Hong Kong Profits Tax	**3,111**	6,061
Deferred taxation	**145**	29
	3,256	6,090

Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) of the estimated assessable profits for the year ended 31 March 2018.

6. PROFIT FOR THE YEAR

	2018	2017
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging/(crediting):		
Directors' and chief executive's emoluments	**4,033**	3,120
Other staff costs	**9,864**	7,096
Contribution to defined contribution retirement benefits scheme (excluding directors' and chief executive's emoluments)	**356**	199
Over-provision for long service payment	**–**	(26)
Total staff costs	**14,253**	10,389
Auditor's remuneration	**700**	125
Depreciation of property, plant and equipment	**776**	573
Professional expenses incurred in connection with the Company's listing	**13,670**	1,875
Net foreign exchange losses	**2,139**	–
Loss on disposal of property, plant and equipment	**156**	262
Impairment loss on trade receivables	**282**	108
Impairment loss on retention monies receivables	**–**	200
Amortisation of prepayment for life insurance policies	**9**	7
Minimum lease payments paid under operating lease in respect of rented premises	**1,412**	1,470
Amount of inventories recognised as an expense	**44,086**	49,403

7. DIVIDEND

No dividend was paid or proposed for the year ended 31 March 2018, nor has any dividend been proposed since the end of the reporting period (2017: nil).

8. EARNINGS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share, representing profit for the year attributable to owners of the Company	**2,328**	28,293

	2018	2017
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share *('000 shares)*	**640,548**	600,000

The weighted average number of ordinary shares for the purpose of basic earnings per share for the years ended 31 March 2018 and 2017 have been retrospectively adjusted for the effects of the capitalisation issue of the ordinary shares of the Company as a result of Reorganisation.

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding for the years ended 31 March 2018 and 2017.

9. TRADE RECEIVABLES/RETENTION MONIES RECEIVABLES

The following is an analysis of trade receivables and retention monies receivables at the end of each reporting period:

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**39,277**	33,634
Less: impairment loss on trade receivables	**(1,322)**	(1,040)
	37,955	32,594
Retention monies receivables	**18,087**	15,839
Less: impairment loss on retention monies receivables	**(608)**	(608)
	17,479	15,231
	55,434	47,825

The average credit period granted to trade customers other than retention monies receivables ranged from 30 to 60 days. The terms and conditions in relation to the release of retention monies vary from contract to contract, which may be subject to practical completion, the expiry of the maintenance period or a pre-agreed time period. Retention monies receivables are included in current assets as the Group expects to realise these within its normal operating cycle. The Group does not hold any collateral over these balances.

The following is an aging analysis of trade receivables net of impairment loss of trade receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**30,679**	23,318
31 to 60 days	**2,474**	4,572
61 to 90 days	**2,996**	2,405
Over 90 days	**1,806**	2,299
	37,955	32,594

The aged analysis of trade receivable which were past due but not impaired is as follows:

	2018	2017
	HK$'000	*HK$'000*
Past due but not impaired:		
Less than 31 days past due	**3,681**	4,706
31 to 90 days past due	**861**	1,838
Past due over 90 days	**1,128**	1,846
	5,670	8,390

In the opinion of directors of the Company, the following table illustrates the aging analysis of retention monies receivables expected to be recovered within or after one year as at the end of the reporting periods:

	2018 *HK$'000*	2017 *HK$'000*
Within 1 year	**5,173**	7,721
After 1 year	**12,306**	7,510
	17,479	15,231

10. TRADE AND BILLS PAYABLES

The following table is the composition of trade and bills payables as at each reporting date:

	2018 *HK$'000*	2017 *HK$'000*
Trade payables	**23,673**	24,573
Bills payables	**7,242**	15,987
	30,915	40,560

The following is an aged analysis of trade and bills payables presented based on the invoice date at the end of the reporting period:

	2018 *HK$'000*	2017 *HK$'000*
Within 30 days	**20,148**	24,404
31 to 90 days	**9,528**	10,552
91 to 180 days	**1,232**	5,604
Over 180 days	**7**	–
	30,915	40,560

The average credit period on purchases of goods is 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

11. SHARE CAPITAL

The share capital as at 31 March 2017 represented the sum of share capital of the companies then comprising the Group. The share capital as at 31 March 2018 represented the share capital of the Company.

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

	Number of shares		**Share capital**	
	2018	2017	**2018**	2017
			HK$'000	*HK$'000*
Ordinary share of HK$0.01 each				
Authorised				
At the date of incorporation	**38,000,000**	38,000,000	**380**	380
Increased on 19 December 2017	**1,962,000,000**	–	**19,620**	–
At the end of the year	**2,000,000,000**	38,000,000	**20,000**	380
Issued and fully paid:				
At the date of incorporation	**10,000**	1	**–**	–
Arising from a group reorganisation	**–**	9,999	**–**	–
Capitalisation issue of shares	**599,990,000**	–	**6,000**	–
Issue of ordinary shares upon listing of the Company	**200,000,000**	–	**2,000**	–
At 31 March	**800,000,000**	10,000	**8,000**	–

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Market Prospect

The Board is pleased to announce the results for the full year ended 31 March 2018.

The shares of the Company became successfully listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 17 January 2018 (the "**Listing Date**"). The Listing demonstrates the Group's commitment to the building materials industry and dedication to serving the markets in which the Group operate. The Group provides building material and the relevant installation services mainly in Hong Kong. The Group's products mainly consist of (i) timber flooring products; (ii) interior wall-fill materials, in particular, gypsum block products; (iii) woodwork products; and (iv) roof tiles.

The housing policy continues to be the focal point of the HKSAR government. Under "The Chief Executive's 2017 Policy Address" published by the HKSAR government, the government has committed to a housing supply target of 94,500 units in the next five years. In particular, the government will continue to take forward the new town extension and new development plans in regions such as Tung Chung, Kwu Tung North, Fanling North, Hung Shui Kiu and Yuen Long South in Hong Kong.

The 10-Year Hospital Development Plan announced in "The Chief Executive's 2016 Policy Address" has set aside a dedicated provision of HK$200 billion for the construction of new hospitals and redevelopment/expansion of existing hospitals.

Looking forward, the Group will continue to focus on its competitive edge. The Directors believe the Group can benefit from the promising medium-to-long term outlook of the Hong Kong construction industry. In the meanwhile, the Group expects to face challenges from cost escalation of materials and labour in the construction industry. As at 31 March 2018, the aggregate amount of revenue expected to be recognized after 31 March 2018 from the Group's ongoing projects is expected to be over HK$200 million. The Group will endeavor to manage the challenge in the fast changing environment and maintain its leading position among industry players to achieve satisfactory results in the future.

Financial Review

Revenue

The Group's revenue was generated from two segments: (i) supply and installation projects; and (ii) sales of building material projects. The total revenue increased by approximately HK$77.8 million, or approximately 38.4%, from approximately HK$202.3 million for the year ended 31 March 2017 (the "**Previous Year**") to approximately HK$280.1 million for the year ended 31 March 2018. Such increase was mainly attributable to the combined effect from (i) the increase in revenue generated from supply and installation projects; and (ii) the decrease in revenue contributed from sales of building materials projects.

Supply and installation projects

The Group's revenue generated from supply and installation projects recorded a significant increase of approximately HK$93.4 million, or approximately 68.5%, from approximately HK$136.4 million for the Previous Year to approximately HK$229.8 million for the year ended 31 March 2018. Such increase was mainly due to the increase in revenue generated from supply and installation of timber flooring products for the year ended 31 March 2018 by approximately 94.2%.

Sales of building materials projects

The Group's revenue generated from sales of building materials projects recorded a decrease of approximately HK$15.7 million, or approximately 23.8%, from approximately HK$65.9 million for the Previous Year to approximately HK$50.2 million for the year ended 31 March 2018. Such decrease was mainly attributable to the decrease in contributions from certain sales of building materials projects, namely project A8 and B5 (the "**Two Projects**") as set out in the section headed "Business — Our Projects" in the prospectus of the Company dated 29 December 2017 (the "**Prospectus**"). Due to the completion of the Two Projects during the year ended 31 March 2018, the revenue from sales of building materials projects decreased by approximately 23.8%.

Cost of Sales and Services

The Group's cost of sales and services amounted to approximately HK$223.6 million for the year ended 31 March 2018, representing an increase of approximately 61.9% (2017: approximately HK$138.1 million). Cost of sales and services mainly comprised material costs and subcontracting costs, which together accounted for approximately 98.0% (2017: approximately 95.1%) of the Group's total cost of sales and services for the year ended 31 March 2018.

The material costs mainly comprised of timber flooring materials and gypsum block materials. The increase in material costs for the year ended 31 March 2018 was mainly derived from the timber flooring materials. The Group recorded an increase in purchase cost of timber flooring materials by approximately 112.8%, which was in line with the increase in revenue generated from supply and installation of timber flooring projects for the year ended 31 March 2018.

The Group recorded an increase in subcontracting costs under cost of sales and services by approximately 97.1% for the year ended 31 March 2018, which was in line with the increase in revenue generated from supply and installation projects for the year ended 31 March 2018.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK$7.8 million, or approximately 12.1%, from approximately HK$64.2 million for the Previous Year to approximately HK$56.4 million for the year ended 31 March 2018, while the Group's gross profit margin decreased from approximately 31.7% for the Previous Year to approximately 20.2% for the year ended 31 March 2018.

The gross profit and gross profit margin of the Group's projects are affected by a number of factors, including scope of work, technical complexity, variation orders and/or work programme, and therefore vary from project to project.

The decrease in gross profit and gross profit margin was mainly due to the decrease in contributions from certain sales of building materials of the Two Projects as mentioned above. Due to the completion of the Two Projects during the year ended 31 March 2018, the contributions of gross profit from the Two Projects decreased by approximately HK$12.1 million.

Other than the abovementioned factors, the decrease in the Group's gross profit margin was attributable to the increase in proportion of the Group's revenue generated from supply and installation projects. In general, the gross profit margin of sales of building material projects is higher than the supply and installation projects. Given the proportion of revenue contribution from supply and installation projects increased from approximately 67.4% to 82.1% of the Group's total revenue, while the revenue contribution from sales of building material projects decreased from approximately 32.6% to 17.9% of the Group's total revenue, the Group's gross profit margin decreased accordingly.

Other Income

The Group's other income decreased by approximately HK$0.4 million, or approximately 29.5%, from approximately HK$1.2 million for the Previous Year to approximately HK$0.8 million for the year ended 31 March 2018. The decrease in other income was mainly attributable to the net exchange rate difference.

Selling and Distribution Expenses

The Group's selling and distribution expenses mainly comprised transportation expenses and storage expenses. The total selling and distribution expenses decreased by approximately HK$0.3 million, or approximately 3.7%, from approximately HK$8.2 million for the Previous Year to approximately HK$7.9 million for the year ended 31 March 2018, mainly due to the decrease in sales of building material projects.

Administrative Expenses

The Group's administrative expenses increased by approximately HK$21.0 million, or approximately 103.8%, from approximately HK$20.3 million for the Previous Year to approximately HK$41.3 million for the year ended 31 March 2018. The increase in administrative expenses was mainly attributable to (i) the recognition of the non-recurring expenses for the Listing; (ii) the increase in staff costs and professional fees in relation to the business expansion and compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"); and (iii) the net exchange loss in relation to the purchase of materials from overseas.

Finance Costs

The Group's finance costs decreased by approximately HK$0.1 million, or approximately 3.5%, from approximately HK$2.5 million for the Previous Year to approximately HK$2.4 million for the year ended 31 March 2018. The decrease in finance costs was mainly attributable to the decrease in effective interest rate for the year ended 31 March 2018.

Income Tax Expenses and Effective Tax Rate

The Group's income tax expenses decreased by approximately HK$2.8 million, or approximately 46.5%, from approximately HK$6.1 million for the Previous Year to approximately HK$3.3 million for the year ended 31 March 2018. Such decrease was in line with the decrease in the adjusted profit before income tax by excluding the non-deductible expenses for the Listing.

The Group's effective tax rate increased from approximately 17.7% for the Previous Year to approximately 58.3% for the year ended 31 March 2018, which was due to the non-deductible expenses for the Listing. By excluding the non-deductible listing expenses, the effective tax rates were approximately 16.9% and 16.8% for the year ended 31 March 2018 and Previous Year respectively.

Net Profit and Net Profit Margin

The Group's net profit decreased by approximately HK$26.0 million, from approximately HK$28.3 million for the Previous Year to approximately HK$2.3 million for the year ended 31 March 2018, representing a net profit decline of approximately 91.8%. The decrease in net profit was mainly due to the (i) increase in the non-recurring expenses for the Listing; (ii) decrease in gross profit derived from the completion of certain sales of building materials projects during the year ended 31 March 2018; and (iii) increase in staff costs and professional fees in relation to the business expansion and compliance with the Listing Rules.

By excluding the non-recurring expenses for the Listing, the Group's net profit for the year ended 31 March 2018 was approximately HK$16.0 million, representing a decrease of approximately 47.0% as compared to the Previous Year.

The Group's net profit margin were approximately 0.8% and 14.0% for the year ended 31 March 2018 and the Previous Year respectively, and such decrease was mainly due to the reasons illustrated above.

Liquidity and Financial Resources Review

Prior to the Listing, the Group had normally funded the liquidity and capital requirements primarily through capital contributions from shareholders, bank borrowings and net cash generated from the operating activities.

The capital of the Group only comprises ordinary shares. The total equity of the Group as at 31 March 2018 was approximately HK$168.6 million (2017: approximately HK$54.3 million).

As at 31 March 2018, the Group had cash and cash equivalents of approximately HK$63.7 million (2017: approximately HK$7.3 million) and had borrowings of approximately HK$26.8 million (2017: approximately HK$40.9 million).

Gearing ratio is calculated based on the total debts (including all interest-bearing borrowings and loans) divided by the total equity as at the end of the reporting period. The decrease in gearing ratio from approximately 75.3% as at 31 March 2017 to approximately 15.9% as at 31 March 2018 was mainly due to the (i) decrease in bank borrowings; and (ii) increase in equity due to the Listing and profit generated for the year ended 31 March 2018.

As at 31 March 2018, approximately HK$26.8 million (2017: approximately HK$36.8 million) of the Group's borrowings were at floating interest rates and no borrowings (2017: approximately HK$4.1 million) were at fixed interest rate.

As at 31 March 2018, the Group's total current assets and current liabilities were approximately HK$203.1 million (2017: approximately HK$137.5 million) and approximately HK$66.2 million (2017: approximately HK$90.4 million) respectively. Current ratio is calculated based on the total current assets divided by the total current liabilities. The Group's current ratio increased to approximately 3.1 times as at 31 March 2018 (2017: approximately 1.5 times). Such increase was mainly due to the increase in cash and cash equivalents as a result of the Listing.

Going forward, the Group expects to fund its future operations and expansion plans primarily with cash generated from business operations, borrowings and the net proceeds received by the Company through the Listing.

Pledge of Assets

As at 31 March 2018, the Group's banking facilities were secured by properties with net carrying amount of approximately HK$23.1 million (2017: approximately HK$1.2 million) and pledged bank deposits approximately HK$8.1 million (2017: approximately HK$18.0 million). During the year ended 31 March 2018, a property of a related company was released from pledge of banking facility. As at 31 March 2018, no properties of any related companies were pledged for the Group's banking facilities.

Capital Expenditure

The total capital expenditure incurred for the year ended 31 March 2018 was approximately HK$25.4 million (2017: approximately HK$0.6 million) which was mainly used in the purchase of a property as disclosed in the section headed "Summary — Recent Development" in the Prospectus.

Contingent Liabilities

The Group provided guarantee of performance bonds in its ordinary course of business. As at 31 March 2018, the Group's contingent liabilities in relation to performance bonds were approximately HK$5.2 million (2017: approximately HK$3.9 million).

Capital Commitments

Other than operating lease commitments, the Group has no capital commitment as at 31 March 2018 (2017: Nil).

Principal Risks and Uncertainties

Fluctuating cash flows pattern

The Group may incur net cash outflows at the early stage of carrying out works when it is required to pay material costs and/or subcontractors prior to payment received from customers. Customers will pay progress payments after works commenced and after such works have been certified by customers. Accordingly, the Group may experience net cash outflows to pay certain material costs and/or subcontractors' fees while the respective progress payments may not be received in the same periods. If during any particular period of time, there exists too many projects which require substantial cash outflows while the Group has significantly less cash inflows during that period, the Group's cash flow position may be adversely affected.

Inaccurate estimation on the cost and work programme of projects

As contracts from customers are normally awarded through successful tendering and acceptance of quotation offer, the Group needs to estimate the time and costs based on the tender documents or quotation requests provided in order to determine the tender price or quotation. There is no assurance that the actual execution time and costs of the project would not exceed the Group's estimation.

The actual time taken and costs involved in completing contracts undertaken by the Group may be adversely affected by a number of factors, such as shortage or cost escalation of materials and labour, adverse weather conditions, additional variations to the work plans requested by customers, delays in obtaining any required permits or approvals, disputes with subcontractors or other parties, accidents, changes in the HKSAR government's and customers' priorities and any other unforeseen problems and circumstances. Any of the aforementioned factors may give rise to delays in completion of works or cost overruns or even termination of projects by customers, which in turn may adversely affect the Group's profitability and liquidity.

Irregular profit margin

The Directors believe that the profit margin of each project significantly depends on various factors, such as the terms of the contracts, the length of the contractual period, the efficiency of implementation of the contractual works and the general market conditions which are beyond the Group's control. As a result, the income flow and the profit margin of each project, which are largely dependable on the terms of the work contracts, may not be entirely regular and consistent and there is no assurance that the profitability of a project can be maintained or estimated at any level. If the profit margin of the project significantly deviates from the estimation of the Directors, the Group's financial position could be adversely affected.

Failure to obtain new projects

The Group provides materials and/or relevant installation services to customers generally on a project-by-project basis. The Group's revenue from projects is non-recurring in nature. It cannot be guaranteed that the Group will continue to secure new projects from customers after the completion of the existing awarded projects.

Currency risk

Certain transactions of the Group are denominated in currencies which are different from the functional currency of the Group, namely, Hong Kong dollars, and therefore the Group is exposed to foreign exchange risk. Payments made by the Group for the settlement of its cost of sales and services are generally denominated in Hong Kong dollars, USD and EUR. Payments received by the Group from its customers are mainly denominated in Hong Kong dollars. The Group continues to monitor closely its exposure to currency movement and may take proactive measures where necessary.

Employees and Remuneration Policy

As at 31 March 2018, the Group had 29 employees (including executive Directors), as compared to a total of 25 employees in the Previous Year. The total staff costs incurred by the Group for the year ended 31 March 2018 were approximately HK$14.3 million (2017: approximately HK$10.4 million). The increase in staff costs was mainly due to (i) the new staff employed during the year ended 31 March 2018; and (ii) full year impact of the increase in staff from the Previous Year.

Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. The Group's employees are remunerated according to their job scope, responsibilities, and performance. Employees are also entitled to discretionary bonus depending on their respective performances and the profitability of the Group. Other staff benefits include the provision of retirement benefits and sponsorship of training courses.

The emoluments of Directors and senior management were reviewed by the remuneration committee of the Company, having regard to the salaries paid by comparable companies, experience, responsibilities and performance of the Group, and approved by the Board.

Significant Investments held, Material Acquisitions or Disposal of Subsidiaries and Affiliated Companies, and Plans for Material Investments or Capital Assets

Apart from the reorganisation in relation to the Listing as disclosed in the Prospectus, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 March 2018. Save for the business plan as disclosed under the section headed "Future plans and use of proceeds" in the Prospectus, there was no other plans for material investments or capital assets as at 31 March 2018.

Use of Net Proceeds from the Listing

The net proceeds from the Listing will be utilised in accordance with the proposed applications set out under the section headed "Future plans and use of proceeds" in the Prospectus. The table below sets out the proposed applications of the net proceeds and actual usage up to 31 March 2018:

	Proposed Application *HK$ million*	**Actual usage up to 31 March 2018** *HK$ million*
— Acquiring a property as a warehouse, workshop and showroom	29.9	–
— Repayment of bank borrowings	27.8	27.8
— Expanding capacity to undertake more projects	14.0	–
— Expanding and strengthening the manpower	7.4	–
— Refurbishment of the offices	5.1	2.5
— Upgrading the information technology and project management systems	2.8	–
— General working capital	9.4	9.4
	96.4	39.7

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries had sold, purchased or redeemed any of the Company's listed securities since the Listing Date.

OTHER INFORMATION

Compliance with the Corporate Governance Code

The Group is committed to maintain high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. Save for the deviation from provision A.2.1 of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 of the Listing Rules as disclosed below, the Company has adopted the CG Code as the Group's corporate governance practices. In the opinion of the Directors, the Company has complied with the applicable code provisions under the CG Code since the Listing Date and up to 31 March 2018 except the following:

Pursuant to Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer ("**CEO**") should be separate and should not be performed by the same individual. However, the roles of the Group's chairman and CEO are both performed by Mr. Lo Wing Cheung. Mr. Lo is currently the chairman of the Board and the CEO, responsible for strategic planning and managing of the Group's overall business and operations. Mr. Lo has been responsible for the overall management of the Group since it was founded in 1980. The Board believes that the current management structure enables the Company to make and implement business decisions swiftly and effectively, which promotes the Group's development in line with its overall business direction. The Board considers that the balance of power and authority, accountability and independent decision-making under the present arrangement will not be impaired due to the diverse background and experience of the non-executive Director and independent non-executive Directors. Further, the audit committee (the "**Audit Committee**"), which consists of three independent non-executive Directors and one non-executive Director, has free and direct access to the Company's external auditors and independent professional advisers when it considers necessary.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Specific enquiry has been made to the executive Directors, non-executive Director and independent non-executive Directors, who have confirmed that they have complied with the Model Code from the Listing Date up to 31 March 2018.

Scope of Work of SHINEWING (HK) CPA Limited

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited ("**SHINEWING**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING on the preliminary announcement.

Audit Committee's Review

The Company has established the Audit Committee with written terms of reference which deal clearly with its authority and duties.

The Audit Committee of the Company has reviewed the Group's consolidated financial statements for the year ended 31 March 2018, including the accounting principles and practices adopted by the Group and recommended to the Board for approval.

Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 March 2018 (2017: Nil).

Closure of Register of Members

For determining the entitlement to attend and vote at the annual general meeting ("**AGM**") of the Company to be held on 24 August 2018, the register of members of the Company will be closed from 21 August 2018 to 24 August 2018 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 20 August 2018.

Publication of the Results Announcement and Annual Report

This results announcement is published on the Company's website (www.kwantaieng.com) and the website of the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 March 2018 will also be available at the respective websites of the Company and the Stock Exchange and will be despatched to shareholders of the Company in late July 2018.

By order of the Board
Twintek Investment Holdings Limited
Lo Wing Cheung
Chairman and executive Director

Hong Kong, 22 June 2018

As at the date of this announcement, the executive Directors are Mr. Lo Wing Cheung (Chairman), Ms. Fung Pik Mei, the non-executive Director is Mr. Wan Ho Yin, and the independent non-executive Directors are Mr. Shu Wa Tung Laurence, Mr. Tam Wai Tak Victor and Mr. Tam Wing Lok.