Thelloy Development Group Limited
德 萊 建 業 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1546

Annual Report
2018

Contents

Corporate Information

Registered Office

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

Head Office and Principal Place of Business

Unit C, 21st Floor, Kings Tower
111 King Lam Street
Kowloon, Hong Kong

Executive Directors

Mr. Lam Kin Wing Eddie *(Chairman)*
Mr. Shut Yu Hang
Mr. Chung Koon Man

Independent Non-executive Directors

Mr. Tang Chi Wang
Mr. Wong Kwong On
Mr. Tse Ting Kwan

Company Secretary

Mr. Fung Nam Shan

Authorised Representatives

Mr. Lam Kin Wing Eddie
Mr. Shut Yu Hang

Audit Committee

Mr. Tse Ting Kwan *(Chairman)*
Mr. Tang Chi Wang
Mr. Wong Kwong On

Remuneration Committee

Mr. Wong Kwong On *(Chairman)*
Mr. Tse Ting Kwan
Mr. Lam Kin Wing Eddie
Mr. Chung Koon Man

Nomination Committee

Mr. Tang Chi Wang *(Chairman)*
Mr. Shut Yu Hang
Mr. Tse Ting Kwan
Mr. Chung Koon Man

Legal Advisers as to Hong Kong Law

P.C. Woo & Co.

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

Principal Banker

Dah Sing Bank, Limited
35/F, Dah Sing Financial Centre
108 Gloucester Road
Hong Kong

Independent Auditor

Deloitte Touche Tohmatsu

Company Website

www.thelloy.com

Stock Code

1546

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Thelloy Development Group Limited (the "Company") and its subsidiaries (collectively the "Group"), I am delighted to present the annual report of the Group for the year ended 31 March 2018 (the "Year") to you.

Review

With its continuous effort and strong performance achieved in the construction industry, the Company successfully transferred the listing of its ordinary shares (the "Share(s)") from GEM to the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 October 2017 (the "Transfer of Listing"). The Board believes that the Transfer of Listing will enhance the corporate profile of the Company, and improve the trading liquidity of the Shares and the Company's recognitions by potential investors. The Board considers that the listing of the Shares on the Main Board will be beneficial to the future growth, financing flexibility and business development of the Group.

During the Year, the Group continued to focus on its core contract works business, which includes building construction, repair, maintenance, alteration and addition ("RMAA") works services and design and build services. Leveraging on the Group's registered general building contractor license and certain crucial qualifications including but not limited to (i) Group C (confirmed) Approved Contractor for Public Works – Building Category; (ii) Approved Suppliers of Materials and Specialist Contractors for Public Works – Repair and Restoration of Historic Building Category (for "Western Style Buildings only"); (iii) Housing Authority List of Building Contractor – Building (New Works) Category; and (iv) Housing Authority List of Building Contractors – Maintenance Works Category, the Group continuously awarded new projects during the Year with customers from both public and private sectors.

Forward

The Group will keep focusing on its existing business and looking for appropriate projects that cope with the overall strategy of the Group. The Group will strengthen its market position in the industry and increase its market shares by 1) further developing the private customers, in order to dilute the risk on decrease in projects on hand due to the filibuster in the Legislative Council; 2) strengthening the Group's manpower in order to cater the growing demand for the businesses of the Group; and 3) targeting design and build projects with smaller contract sum in the near future.

The Board is of a view that the Government's initiative to increase public housing supply, commercial land supply as well as the infrastructure projects can continue to support the growth of the construction industry in Hong Kong. The Government has announced several major construction projects, which will keep the industry active in the coming years. For instance, the Housing Authority and the Hong Kong Housing Society aims to produce about 94,500 public housing units over the next five years, and the railway network expansion is expected to be completed between 2016 to 2021. Several other railway projects are planned to commence in 2018 and are expected to be completed between 2023 to 2031.

In addition, according to the 2017 Policy Address, the Government will continue to support the development of housing, land use and transportation in Hong Kong, including but not limited to the construction of the Central Kowloon Route, the works of the Hong Kong Boundary Crossing Facilities and the Hong Kong Link Road which will connect with the Hong Kong-Zhuhai-Macao Bridge, respectively.

Accordingly, the Board takes a positive view of the construction industry in Hong Kong in the forthcoming years.

Chairman's Statement (Continued)

A Note of Appreciation

On behalf of the Board, I wish to take this opportunity to express my gratitude to shareholders of the Company (the "Shareholders"), business partners and suppliers who trust and remain faithful to the Group. I would also like to express our sincere thanks to the management and staff for their diligence, commitment and contribution throughout the years.

Thelloy Development Group Limited
Lam Kin Wing Eddie
Chairman

Hong Kong, 20 June 2018

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

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FINANCIAL REVIEW

Revenue

During the Year, revenue of the Group increased from approximately HK$468.4 million to approximately HK$911.5 million as compared to the year ended 31 March 2017, which is driven by both increase in revenue in building construction services; RMAA services and design and build services. Revenue from building construction services for the Year increased from approximately HK$211.2 million to approximately HK$224.8 million. For the revenue from RMAA services, during the Year, it increased from approximately HK$212.6 million to approximately HK$589.2 million. For the design and build services, it increased from approximately HK$44.6 million to HK$97.5 million during the Year.

Management Discussion and Analysis (Continued)

Direct Costs

The Group's direct costs increased from approximately HK$418.9 million for the year ended 31 March 2017 to approximately HK$808.3 million for the Year, representing an increase of approximately 92.9%. Such increase was in line with the increase of revenue during the Year.

Gross Profit and Gross Profit Margin

The Group's gross profit amounted to approximately HK$103.2 million and HK$49.4 million for the years ended 31 March 2018 and 2017 respectively, representing a growth of approximately 108.8%. The increase was mainly attributable to the increase in number of projects undertaken by the Group during the Year as compared to the corresponding year in 2017.

The overall gross profit margin remained stable at around 10.6% to 11.3% as the extent of increase in subcontracting charges and direct labour costs is generally in line with the increase in revenue during the Year.

Bank Interest Income

The Group's bank interest income amounted to approximately HK$359,000 and HK$245,000 for the years ended 31 March 2018 and 2017 respectively, which was mainly due to the increase in bank deposits during the Year.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK$27.7 million and HK$19.3 million for the years ended 31 March 2018 and 2017 respectively, representing an increase of approximately 43.2%. Such increase was primarily due to the increase in staff costs to support business growth.

Other Expenses

The Group's other expenses amounted to approximately HK$1.2 million for the Year which represented the professional fee incurred for the Transfer of Listing.

Finance Costs

For the years ended 31 March 2018 and 2017, the Group's finance costs amounted to approximately HK$67,000 and HK$160,000 respectively. The decrease in finance costs was mainly due to the decrease in bank borrowings during the Year.

Income Tax Expense

For the years ended 31 March 2018 and 2017, the Group's income tax expense amounted to approximately HK$13.3 million and HK$5.2 million, represented an increase of approximately 156.3%, as a result of the increase in taxable profit for the Year.

Profit and Total Comprehensive Income for the Year

Profit and total comprehensive income for the Year increased by approximately HK$36.3 million from approximately HK$25.0 million for the year ended 31 March 2017 to approximately HK$61.2 million for the Year. Such increase was mainly due to the substantial increase in both revenue and gross profit during the Year.

Management Discussion and Analysis (Continued)

Dividends

The Board recommends the payment of a final dividend of HK2.5 cents per share in respect of the Year to the Shareholders (2017: Nil). The proposed final dividend will be payable on Monday, 3 September 2018, following the approval of the Shareholders at the annual general meeting of the Company to be held on 2 August 2018 (the "AGM"), to the Shareholders whose names appear on the register of members of the Company on Monday, 13 August 2018, being the record date for determining Shareholder's entitlement to the proposed final dividend.

Together with the interim dividend of HK2.0 cents per share paid during the Year, the full year dividend amounts to HK4.5 cents (2017 full year: Nil).

Closure of Register of Members

For determining the entitlement to attend and vote at the AGM to be held on Thursday, 2 August 2018, the register of members of the Company will be closed from Monday, 30 July 2018 to Thursday, 2 August 2018, both days inclusive, during which no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 27 July 2018.

For the purpose of ascertaining Shareholders' entitlement to the final dividend, the register of members of the Company will be closed from Wednesday, 8 August 2018 to Monday, 13 August 2018, both days inclusive. No transfer of shares of the Company will be registered during the period. In order to qualify for the final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 7 August 2018.

Liquidity and Financial Resources

The Group maintained a sound financial position. As at 31 March 2018, the Group had bank balances and cash (including pledged bank deposits) of approximately HK$264.1 million (2017: approximately HK$105.9 million). As at 31 March 2018, the Group has no borrowings (2017: obligations under finance lease and bank borrowings of approximately HK$0.6 million) and the current ratio as at 31 March 2018 was approximately 1.6 (2017: approximately 1.8).

Gearing Ratio

As at 31 March 2018, the Group had repaid all borrowings as the Group has sufficient funds to meet future capital expenditures and operational needs. The gearing ratio of 2017 was approximately 0.6% which was calculated as total borrowings divided by total equity as at the year ended.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Management Discussion and Analysis (Continued)

Pledge of Assets

As at 31 March 2018, the Group had pledged bank deposits of approximately HK$26.0 million (2017: approximately HK$21.0 million) to secure the banking facilities granted to the Group. Save for the above, the Group did not have any charges on its assets.

Capital Structure

There has been no change in capital structure of the Company during the Year. The capital of the Company comprises ordinary shares and other reserves.

Capital Commitment

As at 31 March 2018, the Group did not have any capital commitment (2017: Nil).

Human Resources Management

As at 31 March 2018, the Group had a total of 224 employees. To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. In addition, discretionary bonus is offered to eligible employees by reference to the Group's results and individual performance. The Group also sponsored staff to attend seminars and training courses.

Foreign Currency Risk

The Group's business operations were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollars. During the Year, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates between the currencies. The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the Year.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

The Group did not have any significant investments, material acquisitions, and disposals of subsidiaries and affiliated companies during the Year.

Contingent Liabilities

As at 31 March 2018, performance guarantees of approximately HK$34.6 million (31 March 2017: HK$47.7 million) were issued by certain banks to the Group's customers on behalf of the Group and approximately HK$7.2 million (31 March 2017: HK$20.3 million) of these guarantees were secured by pledged bank deposits of the Group. Save as the above, the Group had no material contingent liabilities at the end of the reporting period (2017: Nil).

Management Discussion and Analysis (Continued)

COMPARISON OF BUSINESS STRATEGIES WITH ACTUAL BUSINESS PROGRESS

Business strategies up to 31 March 2018 as stated in the prospectus dated 30 September 2015 (the "Prospectus")	Implementation plan	Actual business progress up to the date of this annual report
Further developing the Group's building construction and RMAA business	To undertake more building construction and RMAA projects, in particular public housing construction, maintenance and renovation projects and heritage revitalisation projects in Hong Kong, with HK$14.2 million reserved for satisfying potential customers' requirement for surety bonds	The Group has already secured projects requiring surety bond more than our planned amount
Further strengthening the Group's manpower	To employ additional staff To sponsor the Group's staff to attend technical seminars and/or occupational health and safety courses organised by third parties	The Group has employed additional staff to cope with the growth of revenue and continue to sponsor staff to attend seminars and training courses as demand fit
Investing in BIM software and provide required staff training	To purchase the BIM software from third-party providers To arrange for training workshops or courses for the Group's staff members in relation to the BIM software organised by third party	The Group has tried the use of BIM in small scale for heritage project as a trial kick off
Developing "design and build" services	To study the feasibility of setting up the "design and build" section To form the new "design and build" team from existing staff and recruit new staff (such as designers) where necessary	The Group has been awarded "design and build" projects as kick off for this section
General working capital	To increase working capital in order to secure Government Contracts	The Group injected additional working capital into the subsidiary to cope with the requirement of securing the Government Contract as requested

Management Discussion and Analysis (Continued)

USE OF PROCEEDS

The following table set forth the status of the use of proceeds from the placing of Shares subsequent to the listing of the Company on GEM on 9 October 2015 and up to the date of this annual report:

	Planned use of proceeds as stated in the Prospectus up to 30 September 2017 HK$ million	**Actual use of proceeds up to the date of this annual report** HK$ million
Further developing the Group's building construction and RMAA business	30.3	30.3
Further strengthening the Group's manpower	2.6	2.6
Investing in BIM software and provide required staff training	3.0	–
Developing "design and build" services	3.0	3.0
General working capital	4.3	4.3

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry. The unused net proceeds of approximately HK$3.0 million remained as general working capital of the Group.

SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was conditionally approved by the Company pursuant to the written resolutions of the then sole shareholder of the Company on 22 September 2015. The Share Option Scheme will remain valid and effective following the Transfer of Listing and will be implemented in full compliance with the requirements under Chapter 17 of the Main Board Listing Rules.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption.

Biographies of Directors, Senior Management and Company Secretary

Executive Directors

Mr. Lam Kin Wing Eddie ("Mr. Lam"), aged 59, is an executive Director, the Chairman and chief executive of the Company. He is also a member of the remuneration committee of the Board (the "Remuneration Committee"). Mr. Lam is also the Controlling Shareholder and a director of all subsidiaries of the Company and a director of Cheers Mate Holding Limited, a substantial shareholder of the Company. He joined the Group as a director in March 1995 and is responsible for overall business strategy and major business decisions of the Group. He was the president of the Hong Kong Institute of Construction Managers between 2014 to 2016. Currently, he is the chairman of the Building, Civil Engineering and Built Environment Training Board of Vocational Training Council, the director of Hong Kong Quality Assurance Association, and First Vice President of Hong Kong Construction Association.

Mr. Lam has over 41 years of experience in the building construction industry of Hong Kong and possesses extensive experience in planning, operating and managing construction projects of various sizes and nature. Prior to joining the Group, Mr. Lam worked in Hsin Chong Construction Co., Ltd, Gammon Building Construction Limited and Shiu On Building Contractors Ltd. from September 1977 to April 1993.

Mr. Lam qualified as a chartered builder and a registered professional surveyor (quantity surveying) in Hong Kong in March 1985 and in January 2004. He was admitted as a member of the Hong Kong Institute of Construction Managers in May 1997 and became its fellow in December 2006, a member of the Chartered Institute of Building in March 1985 and became its fellow in September 2010.

Mr. Shut Yu Hang, aged 53, is an executive Director. He joined the Group as a construction manager in August 1998 and was promoted as a general manager in January 2008 and is responsible for general management and day-to-day operation of the Group.

Mr. Shut has over 30 years of experience in the building construction industry of Hong Kong. Mr. Shut was admitted as a graduate member of The Institution of Structural Engineers in November 1994, and a member of the Hong Kong Institute of Construction Managers in November 2014, and a member and recognized as Registered Construction Manager of the Hong Kong Institute of Construction Manager in November 2014 and 17 March 2017 respectively. Further, Mr. Shut was appointed as a committee member of the Contractors Registration Committee Panel and the Contractors Registration Committee by the Buildings Department from January 2011 to January 2017.

Mr. Chung Koon Man, aged 59, was appointed as an executive Director on 14 April 2016. He is a member of each of the Remuneration Committee and nomination committee of the Board (the "Nomination Committee"). He graduated from the University of London in 1983 and is a member of The Hong Kong Institution of Engineer; fellow member of the Hong Kong Institute of Construction Managers and member of The Institution of Structural Engineers United Kingdom. Prior to joining the Company, Mr. Chung served for over three decades in various construction corporations in Hong Kong and overseas. Mr. Chung was the deputy managing director and the technical director of China Resources Construction Company Limited (currently known as CR Construction Company Limited) from January 2008 to January 2014 as well as the deputy managing director of China Resources Property Limited from May 2011 to February 2016. In addition, Mr. Chung was appointed as the Director of Hong Kong Quality Assurance Agent from December 2015 to November 2019, and extended his services on the Advisory Committee of Civil and Environmental Engineering of the Hong Kong Polytechric University from November 2016 to October 2018. Mr. Chung was appointed as a non-executive director of Caso Environmental Group Limited on 16 August 2017, which is a company primarily engaged in the supply and installation of block wall systems in Hong Kong and Macau.

Biographies of Directors, Senior Management and Company Secretary (Continued)

Independent non-executive Directors

Mr. Tang Chi Wang, aged 40, was appointed as an independent non-executive Director of the Group on 22 September 2015. He is a chairman of the Nomination Committee and a member of the audit committee of the Board (the "Audit Committee").

Mr. Tang has over 20 years of experience in the building construction industry in Hong Kong. Since April 2012, he has been working as the executive director of Adwise Building Consultancy Limited and is responsible for overseeing the operation of the firm.

Mr. Tang is a fellow member of The Hong Kong Institute of Surveyors, Hong Kong Institute of Construction Managers, The Chartered Association of Building Engineers, The Chartered Institute of Arbitrators and Hong Kong Institute of Arbitrators. He is also a member of the Royal Institution of Surveyors and the Chartered Institute of Building, and a general mediator of mediator panels of Hong Kong Mediation Accreditation Association Limited, an accredited mediator of panel of mediators of Hong Kong Mediation Centre, a mediator of The Hong Kong Institute of Architect and The Hong Kong Institute of Surveyors joint panel of mediators and a mediator of list of mediators of Hong Kong Institute of Construction Managers.

Mr. Tang obtained a diploma in Building Studies from the Morrison Hill Technical Institute (now renamed the Hong Kong Institute of Vocational Education (Morrison Hill)) in August 1996, a Higher Diploma in Surveying from the City University of Hong Kong in November 1999, a Bachelor of Science (Honours) degree in Building Surveying from the University of Northumbria at Newcastle in June 2000, a postgraduate diploma in Arbitration from The College of Estate Management in January 2005, a Bachelor of Laws (Honours) from the University of London in August 2008 and a Master of Public Administration from the Hong Kong Baptist University in November 2011.

Currently, Mr. Tang is the President of The Hong Kong Institute of Construction Managers, Honorary Treasurer of Building Surveying Division of The Hong Kong Institute of Surveyors and Vice Chairman of Hong Kong Lo Pan Kwong Yuet Tong. Over the years, he has been actively serving the community and construction industry by participating different Boards and Committees. He is the Juror of Quality Building Award 2018, member of Buildings Appeal Tribunal Panel, member of Construction Workers Registration Appeal Board Panel, member of Building, Civil Engineering and Built Environment Training Board of Vocational Training Council, member of Immigration Tribunal, member of Registration of Persons Tribunal, member of Obscene and Indecent Articles Panel of Adjudicators, and member of Independent Police Complaints Council Observer Scheme.

In the past, Mr. Tang was the President of Hong Kong Mediation Centre and Director of Joint Mediation Helpline Office. He was the member of Organizing Committee of Quality Building Award 2012, 2014 and 2016, and was elected as Chairman of Jury Sub-Committee of Quality Building Award 2016.

Biographies of Directors, Senior Management and Company Secretary (Continued)

Mr. Tse Ting Kwan, aged 43, was appointed as an independent non-executive Director of the Company on 22 September 2015. He is the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee.

Mr. Tse has over 20 years of experience in auditing, finance and accounting. He is currently the financial controller of Chinese People Holdings Company Limited, a company whose shares are listed on the Main Board of the Stock Exchange (the "Main Board") (Stock Code: 681), and he is responsible for all accounting, finance and tax matters. In addition, since October 2012 Mr. Tse has been an independent non-executive director of Imperium Group Global Holdings Limited (formerly known as JF Household Furnishings Limited), a company whose shares are listed on the Main Board (stock code: 776). Mr. Tse holds a bachelor degree of Business Administration from the Lingnan College (now renamed as the Lingnan University) in November 1997. He is currently a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. Wong Kwong On, aged 59, was appointed as an independent non-executive Director on 22 September 2015. He is the chairman of the Remuneration Committee and a member of the Audit Committee.

Mr. Wong has various experience in the building and civil construction industry of Hong Kong. From May 1990 to May 1995, Mr. Wong worked as a quantity surveyor for the following construction companies:

(i) Shui On Construction Company Limited (from May 1990 to March 1991);

(ii) Gitanes Engineering Company Limited (from March 1991 to November 1991); and

(iii) Shui On Civil Contractors Limited (from November 1991 to February 1992 and from January 1993 to May 1995).

His responsibilities as a quantity surveyor included contract administration and provision of contractual advice to projects which he was involved in.

From January 2001 to May 2011, he became the director of Consultant Associates (H. K.) Limited, a construction claim consultant company. Since May 2011, Mr. Wong started practising as a solicitor of Chan & Associates and since June 2013, he has been working as the principal of the law firm Wong & Lawyers and is responsible for overseeing the operation of the firm.

Mr. Wong was admitted, a member of The Hong Kong Institute of Surveyors in March 1986, a member of the Chartered Institute of Building in August 1994, a fellow member of the Chartered Institute of Arbitrators in January 1995 and a solicitor of the High Court of Hong Kong in June 2000.

Mr. Wong obtained an Associateship in Building Technology and Management in November 1983 and a Diploma in Management Studies in November 1988 from The Hong Kong Polytechnic (now renamed The Hong Kong Polytechnic University), a Postgraduate Certificate in Hong Kong Law from the City Polytechnic of Hong Kong (now renamed the City University of Hong Kong) in November 1992, a Master of Arts in Arbitration and Dispute Resolution in November 1995 from City University of Hong Kong, a Bachelor of Laws from the University of Wolverhampton in October 1996 and a Postgraduate Certificate in Laws in June 1998 from the University of Hong Kong.

Biographies of Directors, Senior Management and Company Secretary (Continued)

Senior Management

Mr. Tsang Tsan Sum, aged 47, is currently a quantity surveying manager of the Group. He joined the Group in October 1996 as a site quantity surveyor and was promoted as a quantity surveyor manager in January 2008. Mr. Tsang has over 20 years of experience in quantity surveying of Hong Kong building construction. Mr. Tsang was admitted as a member of the Chartered Institute of Building in January 2003, an associate of The Australian Institute of Quantity Surveyors in August 2007 and a member of the Chartered Association of Building Engineers in January 2014.

Ms. Choi Yuen Fong, aged 48, is currently an administration and personnel manager of the Company. She joined the Group in March 1997.

Ms. Chan Lap Yee, aged 56, is currently an estimating manager of the Company. She joined the Group in May 1997 as an estimator and was later promoted as a senior estimator in January 2013. Ms. Chan was admitted as a member of the Association of Cost Engineers in August 1993.

Ms. Chan Kwai Fong, aged 46, is currently an accounting manager of the Company. She joined the Group in March 1998.

Mr. Lo Ming Fai, aged 47, is currently a project manager of the Company. He joined the Group on 3 January 2012. Mr. Lo has over 22 years of experience in the building construction industry of Hong Kong. Mr. Lo was admitted as a member of the Hong Kong Institute of Construction Managers in February 2014.

Company Secretary

Mr. Fung Nam Shan, aged 41, was appointed as the company secretary of the Company (the "Company Secretary") on 13 November 2015. Mr. Fung holds a bachelor's degree in accounting awarded by the University of Newcastle, Australia. Mr. Fung is a member of the Hong Kong Institute of Certified Public Accountants and a CPA member of the Australian Institute of Certified Public Accountants. Mr. Fung is currently an independent non-executive director of Energy International Investments Holdings Limited (listed on the main board of the Stock Exchange (stock code: 0353)), the company secretary and authorised representative of Camsing International Holding Limited (currently listed on the main board (stock code: 2662)) and Yat Sing Holdings Limited (listed on the main board (stock code: 3708)). He was a joint company secretary of Future Bright Mining Holdings Limited (currently listed on the main board (stock code: 2212)) and company secretary of China Ocean Fishing Holdings Limited (listed on GEM (stock code: 8047)). Mr. Fung served Zhejiang Chang'an Renheng Technology Co., Ltd. (currently listed on the GEM (stock code: 8139)) as financial controller and company secretary from April 2013 to March 2015. Mr. Fung was employed as financial controller and company secretary of South China Land Limited (currently listed on the GEM (stock code: 8155)) from February 2010 to April 2013. He has worked for PricewaterhouseCoopers as an audit manager for several years which brought him strong experience in auditing, accounting and taxation in Hong Kong and the PRC. He has been one of the marketing committee members of The Hong Kong Youth Hostels and also a member of its charity walk organising committee since 2012.

Corporate Governance Report

Corporate Governance

The Company's corporate governance code are based on the principles of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company is committed to ensure a quality board and transparency and accountability to shareholders. The CG Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Lam Kin Wing Eddie ("Mr. Lam") serves as the chairman and also acts as chief executive of the Company, which constitutes a deviation from the code provision A.2.1.

The Board is of the view that vesting both roles in Mr. Lam will allow for more effective planning and execution of business strategies. As all major decisions are made in consultation with the members of the Board, and there are three independent non-executive Directors (the "INEDs") on the Board offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

The Company complied with all code provisions in the CG Code in the Year, save for code provision A.2.1.

The Board has reserved for its decision and consideration issues in relation to (i) formulating the strategic objectives of the Group; (ii) considering and deciding the Group's significant operational and financial matters, including but not limited to substantial mergers and acquisitions and disposals; (iii) overseeing the Group's corporate governance practices; (iv) ensuring a risk management control system in place; (v) directing and monitoring senior management in pursuit of the Group's strategic objectives; and (vi) determining the remuneration packages of all Directors and the Group's senior management, including benefits in kind, pension rights and compensation payments for loss or termination of their office or appointment. Implementation and execution of Board policies and strategies and the daily administrative matters are delegated to the respective Board committees and the management team of the Company.

The Board conducts at least four regular Board meetings a year and additional meetings will be held or resolutions in writing signed by all Directors in lieu of a meeting will be arranged as and when required. If a substantial shareholder of the Company or a Director has a conflict of interest in a transaction which the Board determines to be material, it will be considered and dealt with by the Board at a duly convened Board meeting. Comprehensive information on matters to be discussed at the Board meeting will be supplied to the Directors in a timely manner to facilitate discussion and decision-making.

Composition of the Board

At the date of this report, the Board comprises 3 executive Directors and 3 INEDs, the name and office of each of the members of the Board and the Board committees of the Company are as follows:

Board member	**Office**
Mr. Lam *(Chairman)*	Executive Director
Mr. Shut Yu Hang	Executive Director
Mr. Chung Koon Man	Executive Director
Mr. Tang Chi Wang	INED
Mr. Wong Kwong On	INED
Mr. Tse Ting Kwan	INED

Audit Committee member	
Mr. Tse Ting Kwan	*(chairman)*
Mr. Tang Chi Wang	
Mr. Wong Kwong On	

Corporate Governance Report (Continued)

Remuneration Committee member	Office
Mr. Wong Kwong On	*(chairman)*
Mr. Tse Ting Kwan	
Mr. Lam	
Mr. Chung Koon Man	

Nomination Committee member	
Mr. Tang Chi Wang	*(chairman)*
Mr. Shut Yu Hang	
Mr. Tse Ting Kwan	
Mr. Chung Koon Man	

All Directors were appointed for an initial term of 3 years and are subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company (the "Articles").

The Board composition is regularly reviewed to ensure that it has a balance of skills and experience appropriate for the requirement of the business of the Group. A balanced composition of executive Directors and INEDs is maintained to ensure independence and effective management. The Company has satisfied the relevant provision of the Listing Rules in having at least one of the INEDs with appropriate professional qualifications or accounting or related financial management expertise.

The appointment of Directors is recommended by the Remuneration Committee and the Nomination Committee and approved by the Board based on a formal written procedure and policy for the appointment of new Directors. When selecting potential candidates for the Directors, their skills, experience, expertise, devotion of time and non-conflicts of interests are the key factors.

The daily operation and management of the business of the Group, among other matters, the implementation of strategies, are delegated to the executive Directors. They report periodically to the Board on their work and business decisions.

All Directors have been fully consulted about any matters proposed for inclusion in the agenda for regular meetings. The chairman of the Board has delegated the responsibility for drawing up the agenda for each Board meeting to the Company Secretary.

With the assistance of the executive Directors and the Company Secretary, the chairman of the Board seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and have received adequate and reliable information in a timely manner.

Notices of at least fourteen days are given to the Directors for regular meetings, while Board papers are sent to the Directors not less than three days before the intended date of a Board or Board committee meeting. With respect to other meetings, the Directors are given as much notice as is reasonable and practicable in the circumstances. The Directors can attend meetings in person or through other means of electronic communication in accordance with the Articles. The Company Secretary ensures that the procedures and all applicable rules and regulations are complied with. Minutes of Board meetings and meetings of Board committees are kept by the Company Secretary and are available for inspection at any time on reasonable notice by any Director.

Corporate Governance Report (Continued)

The Directors have full access to information of the Group and are able to obtain independent professional advice whenever they deem necessary. Memorandums are issued to the Directors from time to time to update them with legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

Draft minutes are normally circulated to Directors or members of the relevant Board committees for comment within a reasonable time after each meeting.

According to the current Board practice, any material transaction, which involves a conflict of interests between a substantial shareholder or a Director and the Company, will be considered and dealt with by the Board at a duly convened Board meeting with the presence of the INEDs. Directors are abstained from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

The Company has received from each of the INEDs an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the INEDs are independent.

Responsibilities

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include (1) regular board meetings focusing on business strategy, operational issues and financial performance; (2) monitoring the quality, timeliness, relevance and reliability of internal and external reporting; (3) monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in connected transaction; and (4) ensuing processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

Director's Responsibilities for the Consolidated Financial Statements

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group and ensure that the consolidated financial statements of the Group are accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the consolidated financial statements of the Group. In preparing the accounts for the Year, the Directors have, among other things:

- Selected suitable accounting policies and applied them consistently;
- Approved adoption of all Hong Kong Financial Reporting Standards which are in conformity with the International Financial Reporting Standards;
- Attend the disclosure requirements under the Companies Ordinance (Chapter 622 of the laws of Hong Kong); and
- Made judgments and estimates that are prudent and reasonable; and have prepared the accounts on the going concern basis.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

Corporate Governance Report (Continued)

Delegation by the Board

The Board has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. Specific responsibilities of each committee are described below. All committees are chaired by an INED. All committees have defined terms of reference which are no less exacting than those set out in the CG Code.

During the Year, the Board held five meetings and an annual general meeting of the Company during the Year in total, and the individual attendance record of each Director at the meetings of the Board is set out below:

Name of Directors	Attendance/ Number of Board Meetings	Attendance/ Number of General Meeting
Executive Directors:		
Mr. Lam *(Chairman)*	5/5	1/1
Mr. Shut Yu Hang	5/5	1/1
Mr. Chung Koon Man	5/5	1/1
INEDs:		
Mr. Tang Chi Wang	5/5	1/1
Mr. Wong Kwong On	5/5	1/1
Mr. Tse Ting Kwan	5/5	1/1

Note: The attendance figure represents the actual attendance/the number of meetings a Director was required to attend.

Apart from regular Board meetings, the chairman also had a meeting with the INEDs without the presence of executive Directors during the Year.

Audit Committee

The Audit Committee was established on 22 September 2015 with terms of reference as revised by the Board with effect from 26 October 2017. The Audit Committee consists of three INEDs, namely Mr. Tse Ting Kwan, serving as the chairman, Mr. Tang Chi Wang and Mr. Wong Kwong On.

The primary responsibilities of the Audit Committee are to (i) review the financial reporting process of the Group and its internal control and risk management systems and the effectiveness of the Company's internal audit function; (ii) oversee the audit process, (iii) review the Company's compliance with the CG Code, (iv) review and supervise the Company's financial reporting process and internal control systems and (v) perform other duties assigned by the Board. All committee members possess appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules.

Corporate Governance Report (Continued)

During the Year, the Audit Committee reviewed the financial results of the Group, audit plans and findings of the external auditor, the independence of external auditors, accounting principles and practices of the Group, the Listing Rules and statutory compliance, internal controls, risk management, effectiveness of the Company's internal audit function, financial reporting matters and adequacy of resources, qualifications and experience of accounting and financial reporting staff and made recommendations to the Board to improve the quality of financial information to be disclosed and internal control. The Audit Committee has also reviewed and approved the engagement of external auditors to perform statutory audit and approved their fees. There was no disagreement between the Board and the Audit Committee on the selection and appointment of external auditors.

The Company's financial statements for the Year have been reviewed by the Audit Committee. The Audit Committee considered that the relevant financial statements have been prepared in compliance with the applicable accounting principles and requirements of the Stock Exchange and disclosures have been fully made.

During the Year, the Audit Committee held three meetings and performed duties including reviewing the Group's annual, half-yearly and first quarterly reports. The individual attendance record of each member at the meetings of the Audit Committee during the Year is set out below:

Name of Members	Attendance/ Number of Meetings
Mr. Tse Ting Kwan *(Chairman)*	3/3
Mr. Tang Chi Wang	3/3
Mr. Wong Kwong On	3/3

Note: The attendance figure represents the actual attendance/the number of meetings a member was required to attend.

Nomination Committee

The Nomination Committee was established on 22 September 2015 with terms of reference as revised by the Board with effect from 26 October 2017. The Nomination Committee consists of two INEDs, namely Mr. Tang Chi Wang, serving as the chairman and Mr. Tse Ting Kwan and two executive Directors namely Mr. Chung Koon Man and Mr. Shut Yu Hang.

The Nomination Committee is responsible for (i) reviewing the Board's structure, size, composition and diversity against factors including but not limited to gender, age, nationality, cultural and educational background, professional experience, skills, knowledge, industry experience and length of services, having regard to the Group's business activities, assets and management portfolio, (ii) selecting Board members and ensuring transparency of the selection process, (iii) reviewing and monitoring the training and continuous professional development of the Directors and senior management and (iv) assessing the independence of the INEDs, having regard to the requirements under the Listing Rules. The Committee identifies individuals suitably qualified to become or continue to be the Board members by taking into consideration criteria like expertise, experience and commitment and makes recommendations to the Board on the selection of individuals nomination for directorships.

The Nomination Committee and the Board review the terms of reference of the Nomination Committee at least annually. The terms of reference of the Nomination Committee are in line with the requirements of the Listing Rules.

Corporate Governance Report (Continued)

During the Year, one Nomination Committee meeting was held. The individual attendance record of each member at the meeting of the Nomination Committee during the Year is set out below:

Name of Members	Attendance/ Number of Meetings
Mr. Tang Chi Wang *(Chairman)*	1/1
Mr. Shut Yu Hang	1/1
Mr. Tse Ting Kwan	1/1
Mr. Chung Koon Man	1/1

During the Year, the Nomination Committee members (i) reviewed and considered that the structure, size, diversity and composition of the Board are appropriate; (ii) assessed the independence of INEDs; and (iii) recommended the appointments of new Board members.

The Nomination Committee will review the Board composition by considering the benefits of all aspects of diversity, including but not limited to those described under the heading of Board Diversity Policy in this report. The Board Diversity Policy shall be reviewed by the Nomination Committee, as appropriate, to ensure its effectiveness.

Board Diversity Policy

The Board has adopted a board diversity policy which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company.

The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

Selection of candidates will be based on a range of diversity perspectives as stated in the above. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

As at the date of this report, the Board comprises six Directors. Three of the Directors are INEDs and independent of management, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of professional background and skills.

Remuneration Committee

The Remuneration Committee was established on 22 September 2015 with terms of reference as revised by the Board with effect from 26 October 2017. The Remuneration Committee consists of two INEDs, namely Mr. Wong Kwong On, serving as the chairman and Mr. Tse Ting Kwan, and two executive Directors namely Mr. Lam and Mr. Chung Koon Man.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure of all remuneration of Directors and senior management and the establishment of a formal and transparent procedure for developing a policy on such remuneration, assess performance of executive directors and approve the terms of executive Directors' service contracts.

Corporate Governance Report (Continued)

The Remuneration Committee and the Board review the terms of reference of the Remuneration Committee from time to time. The terms of reference of the Remuneration Committee are in line with the requirements of the Listing Rules.

According to the terms of reference of the Remuneration Committee, the Remuneration Committee makes recommendation, to the Board for its final determination of the remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment; and make recommendations to the Board about the Directors' fee of INEDs. In determining the emoluments payable to the Directors, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, responsibilities and performance of the Directors and senior management.

The Remuneration Committee members held two meetings during the Year. During the Year, the Committee has discussed and reviewed the remuneration packages and recommended the proposed bonus for the Directors and the senior management to the Board for approval. The remuneration policy of the Company is to enable the Company to retain and motivate employees (including Executive Directors) to meet corporate objectives. A Director is not allowed to approve his/her own remuneration. The remuneration package of an executive Director includes basic salary, allowance, discretionary bonus and share-based benefits, which are all covered by a service contract. The Director's fee of INEDs is subject to annual assessment. Remuneration surveys on companies operating in similar business, inflation rates, industry trends and performance of the Company are referred to when the Remuneration Committee is considering the remuneration packages of the Directors.

The individual attendance record of each member at the meetings of the Remuneration Committee during the Year is set out below:

Name of Members	**Attendance/ Number of Meetings**
Mr. Wong Kwong On *(Chairman)*	2/2
Mr. Tse Ting Kwan	2/2
Mr. Lam	2/2
Mr. Chung Koon Man	2/2

Details of the directors' remuneration and five highest paid individuals for the Year as regarded to be disclosed pursuant to the Code are provided in note 6 to the consolidated financial statements.

Corporate Governance Report (Continued)

Remuneration of the Senior Management

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

	Number of individuals
HK$ Nil to HK$1,000,000	3
HK$1,000,000 to HK$1,500,000	2

Corporate Governance functions

The Board did not establish a corporate governance committee but has delegated its responsibility for performing corporate governance duties to the Audit Committee. During the Year, the Board and the Audit Committee have (i) reviewed the Company's policies and practices on corporate governance and made relevant recommendations to the Board, (ii) reviewed and monitored the training and continuous professional development of the Directors and senior management, (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements, (iv) reviewed and monitored the code of conduct applicable to employees and Directors; and (v) reviewed the Company's compliance with the CG Code and disclosure in this report.

Directors' securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as code of conduct governing Directors securities transaction. In response to the specific enquiry made by the Company of the Directors, all Directors of the Company have confirmed that they had compiled with the required standard set out in the Model Code throughout the Year.

Continuous Professional Development for Directors

Directors must keep abreast of their collective responsibilities. Each newly appointed Director receives an induction package covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. The Directors are continually updated with business and market changes, and legal and regulatory developments to facilitate the discharge of their responsibilities through various Board meetings, resolutions, memoranda, Board papers, and updates on corporate governance practices and director's responsibilities under the Listing Rules, applicable laws and other relevant statutory requirements.

Corporate Governance Report (Continued)

Up to date of this report, the current Board members participated in the following training programs:

	Types of training	
Name of Directors	**Attending training**	**Reading materials updating on new rules and regulations**
Executive Directors		
Mr. Lam *(Chairman)*	✓	✓
Mr. Shut Yu Hang	✓	✓
Mr. Chung Koon Man	✓	✓
INEDs		
Mr. Tang Chi Wang	✓	✓
Mr. Wong Kwong On	✓	✓
Mr. Tse Ting Kwan	✓	✓

Directors and Officers Insurance

Appropriate insurance policies that cover directors' and officers' liabilities have been in force to protect the directors and officers of the Group from their risk exposure arising from the business of the Group and, as at the date of this report, the Directors and officers of the Company are indemnified under a directors' and officers' liability insurance against any liability incurred by them in discharge of their duties while holding office as the Directors and officers of the Company. The Directors and officers of the Company shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

Company Secretary

The present company secretary of the Company (the "Company Secretary") is an external service provider, and his primary corporate contact person is Mr. Lam, an executive Director and the Chairman of the Board, for the purpose of code provision F.1.1 of the CG Code. The Company Secretary is to ensure a good information flow within the Board and between the Board and senior management of the Company, to provide advice to the Board in relation to the Directors' obligations under the Listing Rules and applicable laws and regulations and to assist the Board in implementing the corporate governance practices. Mr. Fung Nam Shan, a Company Secretary, has attended 15-hour training as per the requirement under Rule 3.29 of the Listing Rules.

Corporate Governance Report (Continued)

Internal controls

The Directors are responsible for maintaining and reviewing the effectiveness of the internal controls of the Company, including material financial, operational and compliance controls, risk management functions and particularly the adequacy of resources, staff qualifications and experience, training programs and budget of the accounting and financial reporting function. Effective for the accounting period beginning on 1 January 2016, the Directors of the Company are required to assess the effectiveness of the risk management and internal control systems on an ongoing basis. Appropriate policies and control procedures have been designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Company performance are appropriately identified and managed. In the case of the Company, such procedures are designed to manage, rather than eliminate, the risk of failure to achieve business objectives. These procedures can only provide reasonable, and not absolute, assurance against material misstatement or losses.

The Board has conducted annual reviews during the Year on the effectiveness of the internal control system covering all material controls in the financial, operational and compliance controls, various functions for risks management as well as physical and information systems security. The Board considered such internal control system effective and adequate.

Responsibility for the consolidated financial statements

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group and ensure that the preparation of the consolidated financial statements of the Group is in accordance with statutory requirements and applicable accounting standards.

Independent Auditor's remuneration & responsibilities

The Company has appointed Deloitte Touche Tohmatsu ("DTT") as the Independent Auditor of the Group. For the Year, DTT received HK$1,000,000 for audit services and HK$239,500 for non-audit services provided for the tax services and the Transfer of Listing respectively.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditors during the Year.

Corporate Governance Report (Continued)

Communications with shareholders and investors

The Company considers that effective communication with its shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The disclosure of the Group's information in a reasonable and time manner by the Board is to facilitate the shareholders as well as the investors to have a better understanding of the business performance, operations and strategies of the Group.

Our website at www.thelloy.com allows the Company's potential and existing investors as well as the public to get access to and acquire the Company's up-to-date corporate and financial information.

Shareholders are provided with contact details of the Company, such as fax number and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. The contact details of the Company are provided in this report, the "Corporate Information" section of this annual report and the Company's website.

The Board welcomes views of shareholders and encourages them to attend general meetings to raise any concerns that they may have with the Board or the management directly. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by shareholders.

Procedures for shareholders to convene an extraordinary general meeting

To safeguard shareholders' interests and rights, separate resolutions are proposed at general meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. Besides, pursuant to article 12.3 of the Articles, any one or more shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so.

Shareholders may send written enquiries to the Company or put forward any enquiries or proposals to the Board. The contact details are as follows:

Company Secretary
Thelloy Development Group Limited
Address: Unit C, 21st Floor, Kings Tower
111 King Lam Street
Kowloon, Hong Kong
Fax no.: (852) 2529 9898

Corporate Governance Report (Continued)

To put forward proposals at an annual general meeting or a extraordinary general meeting, the shareholders shall submit a written notice of those proposals with detailed contact information to the Company Secretary at the Company's registered office.

The request will be verified with the Company's branch share registrar in Hong Kong and upon its confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the proposed resolution in the agenda for the general meeting.

Moreover, the notice period concerning the notice to be given to all the shareholders for consideration of the proposals submitted by the shareholders concerned varies as follows pursuant to article 12.4 of the Articles:

(a) for an annual general meeting and any special general meeting at which the passing of a special resolution is to be considered, it shall be called by at least 21 clear days' notice in writing; and

(b) for all other special general meetings, they may be called by not less than 14 clear days' notice in writing.

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the Company's address above-mentioned and provide their full names, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Constitutional documents

There are no significant changes in the Company's constitutional documents during the Year.

Environmental, Social and Governance Report

In accordance with Appendix 27 – Environmental, Social and Governance Reporting Guide of the Rules Governing the Main Board Listing of Securities on The Stock Exchange of Hong Kong Limited, Thelloy Development Group Limited (the "Company", "We", "Our" and "Us") presents this Environmental, Social and Governance ("ESG") Report for the year ended 31 March 2018 (the "Reporting Period").

This report serves to provide details of the Company's ESG policies and initiatives of its building construction business in Hong Kong, which is the sole operating segment of the Company.

The Board of Directors has the overall responsibility for the Company's ESG strategy and reporting in achieving green operations for sustainable development. The Management is responsible for monitoring and managing ESG-related risks and the effectiveness of the ESG management systems.

We have engaged our management and staff across our business functions to review their operations, identify relevant ESG issues and assess their materiality on our business as well as to our stakeholders, through reviewing our operations and holding internal discussions. The table below highlights the ESG issues which were determined to be material to the Company:

ESG aspects as set out in ESG Guide			Material ESG issues for the Company
A. Environmental	A1	Emissions	• Air and Greenhouse Emissions • Effluent • Waste Management • Hazardous Waste Management
	A2	Use of Resources	• Energy Consumption • Water Consumption
	A3	The Environment and Natural Resources	• Noise Reduction, Ozone Depletion and Tree Preservation
B. Social (including Employment and Labour Practices, Operating Practices and Community)	B1	Employment	• Personnel and Management Development • Compensation and Benefits • Other Employment Practices
	B2	Health and Safety	• Occupational Health and Safety
	B3	Development and Training	• Training and Development for Employees
	B4	Labour Standards	• Anti-child and Forced Labour
	B5	Supply Chain Management	• Supply Chain Practices
	B6	Product Responsibility	• Quality Management • Personal Data Privacy
	B7	Anti-corruption	• Prevention of Bid-rigging and Offering Bribes
	B8	Community Investment	• Corporate Social Responsibility

Environmental, Social and Governance Report (Continued)

A) Environment

Aspect A1: Emissions

As a building construction services provider, the major types of emissions or pollutions generated from the Company's operations at construction sites include air emissions, effluent and waste disposal.

The Company is committed to minimising the pollutions on the environment which may be resulted from our business activities. In light of that, we have established an environmental management system ("EMS") which has been certified by SGS, a leading certification company, to be in compliance with the requirements of ISO 14001:2015 since 2009. This can help improve the Company's environmental performance and achieve regulatory compliance.

To facilitate the management of environmental performance, the Company has appointed an Environmental Officer who is responsible for executing the environmental management policy of the Company, formulating environmental management measures, performing regular inspections to identify potential hazards, developing training to staff and construction workers and reporting environmental performance to customers on monthly basis.

KPI: A1.1 A1.2 A1.5

Air and Greenhouse Gas Emissions

During the Reporting Period, the major air emissions resulting from our construction activities are insignificant.

Dust, being the most significant air pollutant, has been controlled by various measures which are listed below:

Reduction at sources:

- To minimise dust emissions, the amounts of soil exposed and the dust generation potential have been kept as low as possible
- Water has been regularly sprayed on the work surface where mechanical breaking operation is in progress
- Any stockpiles of dusty materials have been sprayed with water regularly so as to maintain the entire surface wet
- The heights from which dusty materials are dropped have been minimised to limit fugitive dust generation from loading or unloading
- All constructional plants powered by diesel fuel have used ultralow sulphur diesel
- All non-road mobile machineries have been equipped with Non-Road Mobile Machinery (NRMM) Label to ensure the emissions are within limits
- Vehicle speeds on site have been limited to within 5 km/h to minimise dust re-suspension and dispersion
- Wheel washing facilities have been provided at all vehicle exits to prevent dusty material from being carried off-site by vehicles and deposited on public roads

Environmental, Social and Governance Report (Continued)

Reduction with barriers:

- Any stockpiles of dusty materials have not been extended beyond the pedestrian barriers, fencing or traffic cones
- Any stockpiles of dusty materials have been either covered entirely by impervious sheeting or placed in an area sheltered on the top and the three sides
- Vehicles transporting materials with the potential to generate dust have properly fitted with side and tile boards
- Materials transported by vehicles have been covered with the covers properly secured and extended over the edges of the side and tail boards

Regular monitoring:

- Regular impact measurements have been taken for the concentration of the Total Suspended Particulates (TSP) at the nearest Air Sensitive Receivers (ASR)

During the Reporting Period, our sites measurements on TSP are in compliance with the standards of BEAM Plus Rating System being set for projects and no complaints were received from public.

Furthermore, greenhouse gas emission of 7,083,044 tonnes of CO2e was generated during the Reporting Period through the wastes generated and consumption of fuels and energy. Regarding the conservation of energy, please refer to Aspect A2 for details.

Effluent

Effluent is generated during the construction process. In the Reporting Period, the Company has generated an insignificant amount of water effluent. It is because we have made use of the treated waste water for recycling use in sites instead of discharge.

Prior to discharge of construction site runoff and waste water, waste water treatment facilities such as waste water treatment system, sedimentation tanks, neutralisation tanks, grease traps, septic tanks and sand traps have been provided for treatment of effluent so as to comply with the relevant discharge standard as stipulated in the Environmental Protection Department (EPD) wastewater discharge license. Maintenance and clean-up of all wastewater treatment facilities have been arranged to ensure their proper and efficient operations.

Furthermore, samples of waste water discharged at designed discharge points have been collected for testing by the HOKLAS (Hong Kong Laboratory Accreditation Scheme) accredited laboratory to ensure the contaminants level does not exceed the limit as per the EPD wastewater discharge license.

With the abovementioned controls, the Company had no complaints or convictions over dust and effluent issues during the Reporting Period.

Environmental, Social and Governance Report (Continued)

KPI:
A1.3
A1.4
A1.6

Waste Management

The Company is committed to reducing its impacts on the environment by managing its wastes in an efficient and sustainable manner.

Each member of the Company as well as sub-contractors should take reasonable steps to avoid the generation of wastes by proper planning of works. The following hierarchy of options should be considered on waste management:

- Elimination: Complete elimination of wastes
- Reduction at source: The avoidance, reduction or elimination of waste, generally within the confines of the production unit, through changes in processes or procedures
- Reuse/Recycling: The use, reuse and recycling of wastes for original or some other purposes such as input material or materials recovery
- Treatment: The destruction, detoxification and neutralisation of wastes into less harmful substances
- Disposal: The release of wastes to air, water, or land in properly controlled or safe ways so as to render them harmless; land disposal may involve volume reduction, encapsulation, leach containment and monitoring techniques

The Company seeks continuous improvement in waste management performance by setting appropriate objectives and goals throughout the Company. Adequate resources and facilities have been provided to reduce wastes arising from its operations and to implement good waste management practices.

During the Reporting Period, we have achieved the waste avoidance and recycling targets in our projects which are in compliance with BEAM Plus Rating System and being awarded of the Wastewise Certificate under Hong Kong Green Organisation Certification.

To reflect the current needs of waste management issues, our waste management policy is reviewed annually or when necessary by top management. All staff, subcontractors as well as the construction workers are being addressed on the importance of this Policy.

The wastes generated by the Company during the Reporting Period are summarised in the table below:

Type of waste (Non-hazardous Waste)	Amount	Unit
Inert waste	57,192,200	Kg
Non-inert waste	2,574,000	Kg
Sorting facilities	2,935,800	Kg
Type of waste (Hazardous Waste)	**Amount**	**Unit**
Asbestos	0	Kg

Environmental, Social and Governance Report (Continued)

The key to effective waste management is to reduce the amount of waste generated from the work sites. We have adopted the following waste management measures in minimising the impact of wastes on the environment:

Planning:

- Environmental goals and objectives have been established and periodically reviewed
- When devising the construction plans, priority has been given to minimising environmental impacts and setting environmental friendly construction processes

Execution:

- Reduction in disposal and emission of construction wastes, dusts, noise and water pollution at sites in daily construction practices have been encouraged

Monitoring:

- Project managers monitor all site operations which have significant environmental impacts and ensure compliance with environmental legislations, regulations and requirements to which the Company subscribes
- The Company monitors feedbacks and suggestions from our customers, workers, sub-contractors, suppliers and public for improvements in our environmental management system

To support green operation, the Company has participated in the "Wastewi$e Certificate" under the Hong Kong Green Organisation Certification and "Office Paper Recycle Campaign" under the Eco Association to promote environmentally friendly operations and encourage staff participation.

Hazardous Waste Management

Chemical wastes expected from sites include engine oils, hydraulic fluids, waste fuel, used solvent, used cleaning fluids, used lubricating oil, contaminated sawdust/sandbags, paints and used oil filters. We have registered as Chemical Waste Producer for every project and all chemical wastes generated by the construction works have been properly labelled, packaged, and temporarily stored at a designated chemical waste storage area within the site. All chemical waste disposals have been collected by licensed waste collectors and passed to licensed chemical waste disposal facilities.

Any asbestos wastes will be handled, stored and disposed of as chemical waste in accordance with the Waste Disposal Ordinance and Waste Disposal (Chemical Waste) (General) Regulation. Specialists have been engaged to take samples and such samples will be tested for asbestos containing materials. In case of asbestos containing materials are discovered, specialist contractor will be engaged to remove such asbestos containing materials. The asbestos materials have been disposed to chemical waste treatment centre or other licensed facilities.

The Company, as a main contractor, is required to obtain the requisite permits and approvals in relation to air pollution, waste disposal, noise pollution and others pursuant to environmental protection requirements in accordance with the applicable laws and regulations prior to commencement of a project.

During the Reporting Period, there were no hazardous was produced

Environmental, Social and Governance Report (Continued)

Aspect A2: Use of Resources

The Company strives to reduce its resources consumption, mainly energy and water, thereby reducing costs and promoting the long-term environmental and economic sustainability of its operations. We are committed to the following principles:

- Reduce energy consumption in operations throughout the establishment of objectives and targets;
- Ensure continual improvement in our energy performance;
- Deploy information and resources to achieve objectives and targets;
- Uphold legal and other requirements regarding energy and water uses, efficiency and consumption;
- Consider resources performance improvements in design and modification of our facilities, equipment, systems and processes; and
- Effectively procure and utilise energy-efficient products and services.

KPI:
A2.1
A2.3

Energy Consumption

In order to achieve energy efficiency and enable systematic control over energy performance, the Company's EMS has taken into account the requirements of ISO50001:2011, demonstrating its commitment to continuous improvement in energy management and regulatory compliance.

The execution and implementation of EMS are integrated with the Quality Assurance Management System, Environmental Protection System, Occupational Health and Safety Assessment that are based on the ISO9001:2015, ISO14001:2015 and OHSAS18001:2007 standards respectively. Each employee and subcontractor are responsible members of our team and are expected to conduct their activities in accordance with the EMS requirements.

During the Reporting Period, the Company consumed certain amount of energies as stated below:

Type of energy	Unit	Amount
Electricity	kWh	828,397
Diesel	Liter	142,118
Petrol	Liter	15,811

In an effort to reduce energy consumption, the Company has adopted various measures at both construction sites and office for such purpose.

At construction sites, Grade 1 Energy Labelled air-conditioners and Energy Star Labelled computer sets which consume less electricity have been deployed. LED spotlights, T5 fluorescent tubes and solar light powered flashlights have been installed to improve electricity efficiency. Timers have been used at site offices for controlling electricity use and preventing idle consumption. Meanwhile, many of the Company's construction projects are involved in either the BEAM Plus or LEED green building certification programme. These projects possess environmentally friendly designs including energy efficient features.

1 The amounts represent the energy directly consumed and controlled by the Company in our development projects and offices during the Reporting Period

Environmental, Social and Governance Report (Continued)

As for office, measures similar to that of construction sites, such as use of LED/T5 fluorescent tube lighting system, Grade 1 Energy Labelled electrical appliances and Energy Star Labelled computer sets, have been adopted. Furthermore, multiple office practices have been developed to reduce electricity consumption. Independent switches to control different areas of lighting and air-conditioning have been set up to allow partial operations in the office. Staff are encouraged to switch off lights and air-conditioners during lunch hour or partially during non-peak hours, and switch photocopiers into sleeping mode when they are idle.

With the above-mentioned measures, the expected overall electricity consumption could be lowered by 5% annually.

KPI: A2.2 A2.4

Water Consumption

During the Reporting Period, the Company consumed a total of 13,950 metric tonnes of water.

Regarding water conservation, the Company has the same set of conversation principles as energy conservation mentioned above. Certain water conservation initiatives have been adopted at both construction sites and office to improve water efficiency.

The concept of water recycling has been adopted in construction sites. For examples, waste water has been treated by chemical waste water treatment equipment first and reused for general washing purpose. Also, dampening debris are delivered via refuse chute to depress dust. Furthermore, we have put much efforts in educating workers with water conservative work practices.

In addition, water efficiency devices such as dual flush water closets, induction urinals in toilets, Grade 1 Water Efficiency Labelled fittings, auto-sensor water taps and water leakage sensors have been installed at both construction sites and office as appropriate. We have recorded water consumption on monthly basis for analysis so as to identify potential improvement in water efficiency.

Attributable to these initiatives, the Company’s overall water consumption is expected to be lowered by 5% annually.

Aspect A3: The Environment and Natural Resources

As a leading construction service provider in Hong Kong, we demonstrate our commitment to social responsibility through taking the environmental protection measures as one of our highest priorities of concern in parallel with safety and quality. We are open and responsive to the environmental expectations and concerns of our stakeholders, including employees, subcontractors, suppliers, regulatory agencies, and the public, by providing clear and candid information about the environmental impacts of our activities in this report.

The Company is committed to comply with all environmental related laws and regulations which the Company subscribes. During the Reporting Period, there were no cases of non-compliance against environmental laws and regulations of any kind.

Environmental, Social and Governance Report (Continued)

Environmental impacts have been taken into consideration in the design and planning of the construction projects, supported with clearly defined environmental objectives and targets. The establishment and implementation of the EMS in accordance with the various ISO standards attested the Company's commitment to continuously improving its environmental performance. Each employee and subcontractor is a responsible member of our team and is expected to conduct their activities in accordance with the EMS requirements. The EMS helps encourage and influence our subcontractors, suppliers and our clients to be environmentally responsible.

KPI A3.1 **Noise Reduction, Ozone Depletion and Tree Preservation**

We have taken various initiatives in minimising any adverse impacts arising from our construction activities to the environment and the public, which are summarised in the table below:

Noise Reduction:

- Noise mitigation measures have been implemented on sites in according with those stated in the Environmental Management Plan & ISO14001:2015
- Regular noise impact monitoring has been conducted on sites
- Quiet Powered Mechanical Equipment has been used on sites

Ozone Depletion:

- CFC (chlorofluorocarbon) free refrigerants have been used for all MVAC systems

Tree Preservation:

- No trees have been felled without the approval of relevant authorities
- Registered tree specialists have been engaged in each project for protection and maintenance of existing trees
- Only registered tree arborists have been engaged to provide services on tree transplanting and felling

Environmental, Social and Governance Report (Continued)

B) Social

Aspect B1: Employment

We believes that human resources ("HR") are the most valuable asset of the Company. Not only do we make an effort to develop the abilities and productivity of our staff, but we also encourage a harmonious work culture by fostering relationship with staff at every level in the organisation. The Company encourages staff to express and share their views and ideas to bring about improvement in the organisation towards the achievement of the common goal. With our due respect, as well as being empathetic and sensitive to their needs, our staff take pride in their work and are willing to devote for the mutual development of the Company and themselves.

Personnel and Management Development

It is the policy of the Company to recruit the best qualified people and to maintain a pool of human resources according to the manpower requirement and planning of the Company.

It is also the policy of the Company to transfer or promote well performing and capable employees to fill vacancies of appropriate positions so that employees are provided with opportunities to widen their exposures and further their career development within the Company.

All applicants have equal opportunities of employment irrespective of their age, sex, marital status, pregnancy, family status, disability, race, nationality or religion.

Job applicants are treated fairly and equally. Employment is offered to the best qualified applicants with reference to their merits and abilities to meet the requirements of the jobs irrespective of whether they are referrals or direct applicants.

Compensation and Benefits

The Company's compensation and benefits policy is based on the view that fair remuneration packages contribute to the motivation of our staff and to the appeal of the Company. Factors that are considered for the remuneration packages include performance, local practice, market standard and individual needs. We support diversity but where appropriate, we stimulate common remuneration practices in the organisation.

The Company aligns individual and team performance with target setting. We encourage individual and team performance by practicing open and motivating appraisal procedures with periodic reviews.

We use objective procedures for job ranking (internal equity) and check systematically market conformity in relevant labour markets (external equity).

Environmental, Social and Governance Report (Continued)

Other Employment Practices

The Company guarantees that all employment practices, including dismissal, working hours and rest periods, are conducted in compliance with the local labour law.

During the Reporting Period, there were no cases of non-compliance against employment-related laws and regulations.

Aspect B2: Health and Safety

Occupational Health and Safety

The Company commits to fully complying with all prevailing legislations and any contractual requirements in respect of health and safety. To achieve this goal, the Board of Directors, Senior Management, Line Management and all personnel shall actively pursue the Company's safety policy. The Management is accountable to the Board of Directors for overall implementation of safety policy.

It is our intention to give the highest priority to health, safety and environmental protection when considering business dealings. Adequate resources, necessary information, training and supervision have been provided for the implementation of the policy. All personnel must comply with the safety regulations and commit to implementing safety management practices to eliminate unsafe conditions and unsafe acts.

The Company aims at achieving high safety standards in daily operations. Such standards include zero fatal rate and below a target accident frequency rate of 0.6 per 100,000 man-hours worked. To achieve these targets, regular internal safety audit have been carried out to monitor the safety management system's performance of each construction site and seek for continual improvement.

Safety objectives in quantifiable terms are documented for each site, workshop and office. Records are maintained and displayed regarding these safety performance measures. Each person on site is responsible for the safety and health of himself and of all other persons that may be affected by his acts or omissions at work. They are not to interfere with or misuse any item provided in the interests of safety and health. The performance of employee in health and safety is considered as one of the basic criteria for promotion. Any employees found to be deliberately and consistently in breach of regulations and instructions on health and safety may be subject to summary dismissal.

All of the Company's sub-contractors need to execute safety works, and they are responsible to the site responsible persons of the Company. They must ensure their staff and operatives are complying with health and safety laws and standards. The Company has the responsibility to ensure that employees at all level have received appropriate occupational health and safety training and are competent to carry out their occupational health and safety duties and responsibility.

The safety policy is also applicable to subcontractors and suppliers at our sites, workshops and offices. The meeting of Safety Management Committee is held once every two months for reviewing the safety management system, while the safety policy is reviewed annually.

Environmental, Social and Governance Report (Continued)

Aspect B3: Development and Training

Training and Development for Employees

The commitment of the Company to its staff is reflected by its Philosophy: Communicate, Considerate, Commit and Complete. We recognise that the Company's success depends on its people and that to remain amongst the best in the industry it must always seek ways to improve the standards and performance of our staff.

Our training and development policy is based on the view that the knowledge, attitude and skills of our staff are amongst the most important assets to realise our ambition. As a consequence, education and training are an essential part of our HR policy.

We, therefore, invest resources in the training and development of staff in order to improve their performance; and prepare those with the ability to take on additional or different responsibilities for future career progression. We use training programmes to create meeting places for exchange of experience and networks for staff from different levels, disciplines and cultural backgrounds, and to offer opportunities for benchmarking to the outside world. The training programmes take the form of internal and external courses, project work, deputising for more senior staff and local or overseas on-the-job training and development. The Company also provides financial support for employees pursuing external training and education.

Aspect B4: Labour Standards

Anti-child and Forced Labour

The foundation of the Company's "No Child and Forced Labour Policy" is based on the Company's commitment to find practical, meaningful and culturally appropriate responses to support the elimination of such labour practices. It thus endorses the need for appropriate initiatives to progressively eliminate these abuses.

The Company does not employ any person below the age of eighteen years at the workplace. We prohibit the use of forced or compulsory labour at all its workplaces. No employee is made to work against his or her will or work as bonded or forced labour, or subject to corporal punishment or coercion of any type related to work.

This policy is publicly available throughout the Company and has been clearly communicated to all employees and subcontractors in a manner in which it can be understood through induction programmes, policy manuals and intranet portal. Employment contracts and other records, documenting all relevant details of the employees, including age, are maintained and are open for verification by any authorised personnel or relevant statutory body.

Corporate Internal Audit and Compliance Department undertakes audit and assessment annually, while Corporate Human Resources undertakes random checks of records annually to identify and inspect any cases of non-compliance.

During the Reporting Period, there were no cases of non-compliance against child and forced labour-related laws and regulations.

Environmental, Social and Governance Report (Continued)

Aspect B5: Supply Chain Management

Supply Chain Practices

The Company operates to high standards of quality through a lean organisation which produces world class products. Our suppliers are integral to our continued success and it is essential that they conduct their business in a manner that supports this commitment to a world class performance. To this end we aim to develop and maintain value-adding relationships with our supply base.

The Company does business with suppliers and subcontractors who meet our standards of technical competence, innovation, product quality, reliability, delivery performance, cost, financial soundness, safety, ethics and social responsibility. Regarding suppliers or subcontractors with staff carrying out work at the Company's premises or construction sites, they are required to operate in an acceptable and safe manner without undue risks to themselves, our staff and other personnel, and the health, safety and other essential arrangements pertaining at the sites where they are operating have to be fully communicated. The suppliers or subcontractors are required to ensure all hazards and risks associated with the use of the products/services they supplied are properly identified and assessed and adequate safeguards and working practices are put in place for the Company.

Since the Company's operations have significant involvement from suppliers or subcontractors, the Company strives to develop long-term relationships with them where it is practical to do so in order to ensure stable and high quality supplies and services. Furthermore, the Company provides all necessary assistance including training support and sharing of best practices for the suppliers or subcontractors to optimise the whole supply chain. Regular bilateral feedback programmes are conducted to facilitate information exchange and follow-up.

The Company is committed to purchasing materials, goods and services with specifications that are compliant with relevant environmental legislations. Environmental considerations are also been taken into account to, if technically acceptable and economically viable, lower the environmental impact of goods and services purchased. In addition, environmental performance of suppliers/subcontractors is considered during the selection process to enhance green procurement.

Aspect B6: Product Responsibility

Quality Management

It is the policy of the Company, in executing operations at all time in such manner to ensure the customers' satisfaction and full compliance of statutory and other requirements in terms of quality, environment, health and safety in the company's projects.

In the course of implementation and execution of the project, our project management team will carry out regular quality check and inspection in order to ensure that works done by our subcontractors conform to the contractual specifications. We have been awarded with the ISO 9001 for our quality management system since 2002. Our customers may conduct inspection from time to time. We will also hold progress meetings with our customer throughout the project where our project manager will report the progress to the customer, discuss the major issues encountered and obtain customer's feedbacks.

Environmental, Social and Governance Report (Continued)

With our long history and presence in Hong Kong, our proven track record and well-established relationship with our existing customers, we are able to rely on our existing customer base, reputation and customer referrals such that we do not rely on promotional activities and therefore there were no issues of advertising and labelling during the Reporting Period.

Personal Data Privacy

The Company is committed to adopting a Privacy Management Programme in the protection of personal data of its staff, customers, suppliers, subcontractors, etc. and ensuring that all personal data are handled in accordance with the provisions of the Personal Data (Privacy) Ordinance. The Company upholds the following principles in data privacy management:

- Collect adequate, but not excessive, personal data by lawful and fair means only for lawful purposes related to the Department's functions or activities;
- Take all reasonably practicable steps to ensure that the personal data collected or retained are accurate, having regard to the purposes for which they are to be used;
- Take all reasonably practicable steps to ensure that the personal data are not kept longer than is necessary for the purposes for which they are to be used;
- Use the personal data collected only for purposes or directly related purposes for which the data were to be used at the time of collection, unless the individual concerned has given express consent for a change of use or such use is permitted by law;
- Take all reasonably practicable steps to ensure that personal data are protected against unauthorised or accidental access, processing, erasure or other use;
- Take all reasonably practicable steps to ensure that a person can be informed of the kinds of personal data that the Department holds and the purposes for which the data are to be used; and
- Permit persons to access and correct personal data of which they are the data subjects and process any such access/correction requests in a manner permitted or required by law.

During the Reporting Period, there were no cases of non-compliance against products and services-related laws and regulations.

Aspect B7: Anti-corruption, fraud, extortion & Anti-money laundering

The Company has established the Code of Ethics and Conduct which provides an ethical and behavioural framework for staff, suppliers and subcontractors and stakeholders in Hong Kong and overseas. All concerned parties are required to comply with these guidelines when doing business with the Company. All concerned parties should ensure communication with our employees for compliance with the Code.

Prevention of Bid-rigging and Offering Bribes

Particularly, there may be a risk of bid-rigging and bribes due to the nature of the industry that projects are usually of huge value. In light of that, the Company has devised certain policy and controls in preventing these acts.

The Project Tendering and Management Policies and Procedures have been established to govern project tendering, preparation, budgeting, completion, delivery and reporting. Another Suppliers and Subcontractors Appraisal Policies have been established to guide the annual evaluation of suppliers/ subcontractors.

Environmental, Social and Governance Report (Continued)

Internal controls used for prevention of bid-rigging and bribes include arrangement of training from relevant organisations (such as the Independent Commission Against Corruption) and legal professionals for staff, use of checklist to help detect signs of bid-rigging during the tendering process, periodic comparative analysis of subcontracting fees, material costs and other overheads in tender proposals and so on.

Prevention of Fraud, Extortion and Money-laundering

In order to make staff aware of fraud, extortion and money laundering, prevention of taking place and what to do should any money laundering activity be suspected, the Project Tendering and Management Policies and Procedures have been established to advise our staff should always conduct Customer Due Diligence (CDD), maintain proper records of transactions and have in place a proper internal control system.

Besides reporting suspicious transactions (STR) to the Joint Financial Intelligence Unit (JFIU), CDD and record keeping are two of the “core” money laundering and terrorist financing counter-measures adopted.

During the Reporting Period, there were no cases of non-compliance against corruption, fraud, extortion and anti-money laundering-related laws and regulations.

Aspect B8: Community Investment

Corporate Social Responsibility

The Company vitalises corporate responsibility as part of our responsibility and sustainability priority. We recognise that we must integrate our business values and operations with the expectations of our stakeholders. They include our customers, employees, investors, suppliers and subcontractors, society and the community and the environment.

In regard to business practices, we focus on ensuring a high level of business performance while minimising and effectively managing fraud risk to uphold the values of honesty, partnership and fairness in our relationships with all our stakeholders, and encouraging suppliers and subcontractors to adopt socially responsible business policies and practices.

As for community involvement, we proactively encourage dialogue with local communities for mutual benefits, support our staff to help local community organisations and activities, and work with local schools, colleges and universities to assist young people in choosing their future careers, being an advocate for our industry.

During the Reporting Period, the Company participated in the following community events:

- Construction Industry Safety Award Scheme
- Considerate Contractors Site Award Scheme
- Safety Quiz
- Hong Kong Awards for Environmental Excellence
- Caring Company Award
- Engaged with NGO for Volunteer Works
- Construction Industry Sports Day and Charity Fun Day

Report of the Directors

The Directors submit their report together with the audited consolidated financial statements of the Group for the Year.

Principal Activities

The principal activity of the Company is investment holding. The Company's subsidiaries are principally providing (i) building construction services; and (ii) RMAA works services in Hong Kong as main contractor.

An analysis of the Group's segment information for the Year by business is set out in note 5 to the consolidated financial statements.

Results and Dividends

Details of the audited consolidated results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 61 of this annual report.

The Board recommended the payment of a final dividend of HK2.5 cents per share for the Year to the Shareholders (2017: Nil). The proposed final dividend will be payable on Monday, 3 September 2018, following the approval of shareholders at the AGM, to the shareholders whose names appear on the register of members of the Company on Monday, 13 August 2018.

Together with the interim dividend of HK2.0 cents per share paid during the Year, the full year dividend amounts HK4.5 cents (2017 full year: Nil).

Business Review

A fair review of the business of the Group as well as discussion and analysis of the Group's performance during the Year and the material factors underlying its financial performance and financial position can be found in the "Chairman's Statement" and "Management Discussion and Analysis" set out on page 3 and pages 5 to 10 respectively. Details of the Company's share option scheme are provided on page 10 of the "Management Discussion and Analysis". An analysis of the Group's financial risk management is provided in note 27(b) to the consolidated financial statements. An indication of likely future development in the Company's business is set out on page 5 of the "Management Discussion and Analysis". No important event affecting the Group has occurred since the end of the Year.

Report of the Directors (Continued)

Environmental Policies and Performance

The Group is committed to minimise any negative impact on the environment which may be resulted from business activities. The Group has established an environmental management system and was certified by SGS United Kingdom Limited to be in compliance with the requirements of ISO 14001:2015 since 2009.

The Group adopts the following environmental protection measures in order to ensure proper management of environmental protection and compliance with statutory requirement in our daily operation:

– setting environmental goals and objectives and periodically reviewing such goals and objectives;

– giving priority to minimising environmental impacts and setting environmental friendly construction processes when devising the construction plans;

– monitoring all site operations which have significant environmental impact and ensure compliance with environmental legislations, regulations and requirements to which the Group subscribes;

– encouraging the reduction in disposal and emission of construction wastes, dusts, noise and water pollution at sites;

– taking into account previous environmental performance of the sub-contractors and suppliers when selecting the appropriate sub-contractors and suppliers to be engaged;

– providing education and training to the workers, sub-contractors and suppliers to ensure that they conduct their operations in an environmentally friendly and responsible manner; and

– encouraging feedbacks and suggestions from the customer, workers, sub-contractors, suppliers and public for improvements in the environmental management system.

Compliance with Law and Regulation

The Group recognises the importance of compliance with regulatory requirements to keep the license and various construction related qualifications granted by respective government departments and quasi-Government organisations and that the risk of non-compliance with such requirements could lead to (i) removal from all categories in which the contractor is listed or a particular category under the current contractors registration scheme; (ii) suspension from tendering in all categories of the contractor lists; and (iii) termination of the business. The Group has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with relevant authorities effectively through effective communications.

A review was undertaken of procurement processes, procedures and practices for compliance with the new Competition Ordinance that came into force in December 2015. No significant amendments were required as the pre-existing approach was already consistent with the ethos and requirements of the Ordinance.

To ensure compliance with the new Competition Ordinance, the Group has conducted trainings for our staff. The Company also step up measures to increase safety awareness amongst the management and staff to prevent accidents in contravention with safety regulations.

Report of the Directors (Continued)

The Group also complies with the requirements under the Companies Law (2013 Revision) of the Cayman Islands Company Limited by shares, the Listing Rules and the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO") for the disclosure of information and corporate governance.

Key Relationships with Employees and Subcontractors

The Group's success depends on, amongst other matters, the support from key stakeholders which comprise employees, shareholders and subcontractors.

Employees are regarded as the most important and valuable assets of the Group. The objective of the Group's human resource management is to reward and recognise performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement. One of the corporate goals of the Group is to enhance corporate value to shareholders. The Group is poised to foster business developments for improving the Group's financial performance and rewarding shareholders by stable dividend payouts in the foreseeable future when sustainable earnings growth can be achieved, taking into account the capital adequacy levels, liquidity positions and business expansion needs of the Group.

Subcontracting is commonplace in the building construction services and RMAA work services industry in Hong Kong as it minimises the number of employees employed directly by main contractors, increases labour mobility and brings about cost efficiency. As such, maintaining good relations with the subcontractors is crucial. The Group has established long-term business relationship with our subcontractors who are closely monitored and supervised by the Group.

The five largest subcontractors (in terms of cost of services) during the Year have maintained business relationship with the Group for a period ranging from 2 to 15 years. Through the past dealings with the subcontractors, the Group have acquired sufficient appreciation of their expertise and strengths for maintaining our internal list of approved subcontractors that are able to meet our safety and quality standards.

Customers

During the Year, the business opportunities generally arose from reviewing the tender invitations from various Government published on the Gazette or receiving invitation for tender from customers in the private sector.

The major customers include the Government, quasi-Government organisations, universities, schools, institutions and incorporated owners of private buildings. During the Year, revenue derived from the Group's top five largest customers amounted to approximately HK$847.4 million (2017: HK$361.3 million), representing approximately 93.0% of the total revenue (2017: 77.1%).

Report of the Directors (Continued)

Principal Risks and Uncertainties Facing the Company

A number of factors may affect the results and business operations of the Group, the principal risks and uncertainties faced by the Group are set out below:

Most of the revenue is derived from contracts awarded through competitive tendering. There is no guarantee that the existing contracts may continue upon expiry or new contracts may be awarded to the Group to maintain or expand the business.

There are a large number of qualified building construction service providers and RMAA service providers in Hong Kong. Building construction service providers and RMAA service providers must be licensed to be registered general building contractors under the Buildings Ordinance and must have obtained other requisite licences, depending on the skills and technical capabilities required for relevant projects. New participants may be admitted to compete with us provided that they attain the required technical and management capabilities and skills and are granted the required licences. Due to the large number of competitors, the Group may face significant downward pricing pressure which would reduce our profit margins.

Thus, if the Group fail to compete effectively or maintain our competitiveness in the market, the business, financial condition and results of operations will be adversely affected.

The Group continue to leverage on its various licenses and qualifications and extensive experience in construction industry to solidify and expand the market share in the public construction industry and RMAA service in Hong Kong.

The Group's cash flows may fluctuate due to the payment practice applied to the projects

As at 31 March 2018 and 2017, the cash and cash equivalents were approximately HK$238.1 million and HK$84.9 million respectively. As a main contractor, the Group normally incur net cash outflows at the early stage of carrying out the works when the Group are required to pay the setting up expenditures in advance of payments from the customers. The customers will pay progress payments after the works commence and such works and payments are certified by the architects of the customers. Accordingly, the cash flows of a particular project will turn from net outflows at the early stage into accumulative net inflows gradually as the works progress.

The Group undertake a number of projects at any given period, and the cash outflow of a particular project could be compensated by the cash inflows of other projects. If the Group take up too many significant projects, which require substantial initial setting up costs without cash inflow from other projects at a particular point of time, our corresponding cash flow position may be adversely affected.

The Group will continue to closely monitor the capital and cash flow positions, particularly the sub-contracting fees which have augmented in recent years. In the process of identifying and capturing emerging opportunities, the Group will continue to deploy the resources on a selective and prudent basis to focus on projects which are more profitable in nature. The Group will continue to focus on the internal control system to ensure adequate cash flow for the ongoing capital requirements, and to achieve maximum cost savings.

Report of the Directors (Continued)

A significant percentage of the revenue and trade receivable is derived from the major customers

The revenue derived from the five largest customers amounted to approximately 93.0% of the total revenue in the Year (2017: 77.1%). The Group will broaden the customer base by an expansion in RMAA service and building construction service capacity to cover design and build projects.

The Group may take a long time to collect the trade receivables

The Group normally receive progress payment from the customers on a monthly basis, with reference to the value of the works completed in the preceding month. Generally, the value of the works completed is assessed by the architects of the customers who will issue an interim certificate certifying the work progress in the preceding month.

In line with industry practice, there is generally a contract term for the customer to secure the Group's due performance by holding up retention money from the progress payment. As for contracts with the Government and quasi-Government organisations, the certified value retained at each stage is generally 1% of the progress payment, subject to a limit of retention fund of not more than 1% of the total contract sum. As for contracts with private sector customers, the certified value retained at each stage is generally 5–10%, subject to a limit of retention fund of not more than 5% of the total contract sum. In general, the retention money will be released to the Group after expiry of the defect liability period subject to the confirmation from the architect of the customers regarding satisfaction with our works.

There can be no assurance that the progress payment is paid to the Group on time and in full, or the retention money or any future retention money will be remitted by the customers to the Group on a timely basis and in full or that the level of bad debt arising from such payment practice can be maintained at the same level as during the year. Any failure by the customers to make remittance on time and in full may have an adverse effect on our future liquidity position.

In order to minimize the credit risk, the Group carries out a credit investigation on such customer which includes performance of credit search, assess to and review of its financial information and obtain advice from business partners in relation to the potential customer. The level of credit granted must not exceed a predetermined level set by the Directors and the approval for providing credit facilities to the customer must be documented in writing. The Group also performs ongoing credit evaluations of the customers. In addition, our accounts department follows a set of monitoring procedures to ensure that follow-up steps are taken for collection of receivables.

Subsidiaries

Details (including the principal activities) of the Company's subsidiaries as at 31 March 2018 are set out in note 29 to the consolidated financial statements.

Report of the Directors (Continued)

Reserves

Movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 63 of this annual report and note 28 to the consolidated financial statements, respectively.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the Year are set out in note 12 to the consolidated financial statements.

Charitable Donations

Charitable and other donations made by the Group during the Year amounted to HK$302,500 (2017: HK$12,500).

Distributable Reserves

As at 31 March 2018, reserve available for distribution to the owners of the Company amounted to approximately HK$45,073,000 (2017: HK$28,197,000).

Pre-emptive Rights

No pre-emptive rights exist under the Company's Articles or under the laws in Cayman Islands, being the jurisdiction in which the Company was incorporated.

Group Financial Summary

A summary of the results, assets and liabilities of the Group for the last four financial years is set out on page 96 of this annual report.

Share Capital and Equity-linked Agreement

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

The Company was successfully transferred its listing of Shares from GEM to the Main Board of the Stock Exchange on 26 October 2017.

Save as disclosed under the section headed "Share Option Scheme", no equity-linked agreements were entered into during the Year or subsisted at the end of the Year.

Report of the Directors (Continued)

Directors

During the Year and thereafter up to the date of this report, the Directors are named as follows:

Executive Directors:

Mr. Lam Kin Wing Eddie *(Chairman)*
Mr. Shut Yu Hang
Mr. Chung Koon Man

INEDs

Mr. Tang Chi Wang
Mr. Wong Kwong On
Mr. Tse Ting Kwan

Pursuant to article 16.18 of the Articles, at every annual general meeting of the Company one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. Shut Yu Hang and Mr. Tang Chi Wang shall retire from office by rotation at the 2018 AGM and both of them, being eligible, have offered themselves for re-election.

Confirmation of Independence of INEDs

The Company has received an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules from each of the INEDs, namely Mr. Tang Chi Wang, Mr. Wong Kwong On and Mr. Tse Ting Kwan as at the date of this report. The Company considers the INEDs to be independent.

Biographies of Directors

The biographical details of the Directors are set out on pages 11 to 14 of this annual report.

Directors' Service Contracts

The Company has entered into service contracts with all executive Directors for a term of 3 years. The contracts shall be continuing thereafter unless and until terminated by either party thereto giving to the other not less than six months written notice.

In addition, the Company has entered into letters of appointment with INEDs for a term of 3 years, which shall be continuing unless and until terminated by either party.

None of the Directors who are proposed for re-election at the 2018 AGM has entered into a service contract with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Report of the Directors (Continued)

Directors' Interests in Transactions, Arrangements or Contracts

Details of the transactions during the Year between the Group and connected persons (as defined in the Listing Rules) in which a Director has material interest are set out in the section headed "Related Party Transactions" of this report and note 24 to the financial statements.

Save as disclosed above, no transactions, arrangements or contracts of significance to which the Company, or any of its holding companies, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year, nor was there any transaction, arrangements or contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder (as defined in the Listing Rules) or any of its subsidiaries for the Year. There was also no contract of significance between the Company or one of the subsidiaries and the controlling shareholders or any of its subsidiaries.

Management Contract

No contract concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the Year.

Directors' Emoluments

Details of the remuneration of the Directors on named basis during the Year are set out in note 6(a) to the consolidated financial statements.

Remuneration Policy

The remuneration policy of the Company is reviewed regularly, making reference to the market conditions and performance of the Company and individual staff (including the Directors). The remuneration policy and remuneration packages of the Directors and senior management are reviewed by the remuneration committee and the Board, which are detailed in the paragraph headed "Remuneration Committee" under the Corporate Governance Report on page 20 of this annual report.

The Company provides a comprehensive benefit package for all employees as well as career development opportunities. This includes retirement schemes, share option scheme, medical insurance, other insurances, in-house training, on-the job training, external seminars and programs organised by professional bodies and educational institutes.

Share Options Scheme

The following is a summary of the principal terms of the Share option Scheme.

(1) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants or advisers of the Group and to promote the success of the Group.

(2) Who may join and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, grant an employee (full-time or part-time), a Director, consultant and adviser of the Group, or any substantial shareholder of the Group, options to subscribe at a price calculated in accordance with paragraph (3) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

(3) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

(4) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00.

Report of the Directors (Continued)

(5) Maximum number of Shares

The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Group) must not in aggregate exceed 10% of the total number of Shares in issue as at the Listing Date. The Company may refresh this limit at any time, subject to the shareholders' approval and the issue of a circular and in accordance with the Listing Rules provided that the total number of Shares which may be allotted and issued upon exercise of all outstanding options to be granted under the Share Option Scheme and any other share option schemes of the Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and for such purpose, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option schemes of the Group) previously granted under the Share Option Scheme and any other share option schemes of the Group will not be counted. The above is subject to the condition that the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Group shall not exceed 30% of the Share Capital of the Company in issue from time to time.

(6) Maximum entitlement of each Eligible Person

The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his close associates (or his associates if the grantee is a connected person) abstaining from voting. In such event, the Company must send a circular to the shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of the shareholders of the Company and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(7) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(8) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption.

Permitted Indemnity

Appropriate insurance policies that cover directors' and officers' liabilities have been in force to protect the directors and officers of the Group from their risk exposure arising from the business of the Group.

Pursuant to the Articles, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses, which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty.

Report of the Directors (Continued)

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2018, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 13 of Appendix 16 of the Listing Rules, were as follows:

Name of shareholder	Nature of interest	Number of Shares held	Percentage of shareholding in the Company's issued share capital
Mr. Lam	Interest in controlled corporation *(Note 1)*	580,000,000(L)	72.5%
Mr. Chung Koon Man	Beneficial owner	2,000,000(L)	0.25%

(L) denotes long position.

Note:

1. Mr. Lam beneficially owns 100% of the ordinary issued share capital of Cheers Mate Holding Limited ("Cheers Mate'). By virtue of the SFO, Mr. Lam is deemed to be interested in 580,000,000 Shares held by Cheers Mate.

Save as disclosed above, as at 31 March 2018, none of the Directors nor chief executive of the Company has registered an interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 13 of Appendix 16 of the Listing Rules.

Directors' Right to Acquire Shares

Save as disclosed under the paragraphs headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Scheme" above, at no time during the Year were any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or the chief executive of the Company or any of their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Report of the Directors (Continued)

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

So far as the Directors are aware, as at 31 March 2018, the following persons (not being Directors or chief executive of the Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of shareholders	Nature of interests	Number of Shares held	Percentage of shareholding in the Company's issued share capital
Cheers Mate *(Note 1)*	Beneficial owner	580,000,000(L)	72.5%
Ms. Cheng Pui Wah Theresa *(Note 2)*	Interest of spouse	580,000,000(L)	72.5%

(L) denotes long position.

Notes:

(1) Mr. Lam beneficially owns 100% of the issued share capital of Cheers Mate. By virtue of the SFO, Mr. Lam is deemed to be interested in 580,000,000 Shares held by Cheers Mate.

(2) Ms. Cheng, Pui Wah Theresa is the spouse of Mr. Lam. By virtue of the SFO, Ms. Cheng is deemed to be interested in the same number of Shares in which Mr. Lam is deemed to be interested under the SFO.

Save as disclosed above, as at 31 March 2018, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Report of the Directors (Continued)

Shareholders' Interests in Securities of Significance

Other than the interests disclosed above in respect of the substantial shareholders, as at 31 March 2018, no other person is individually and/or collectively entitled to exercise or control the exercise of 5%. or more of the voting power at the general meetings of the Company and are able, as a practicable manner, to direct or influence the management of the Company.

Major customers and sub-contractors

The percentage of sales for the Year generated from the Group's major customers is as follows:

–	The largest customer	48.4%
–	Five largest customers	93.0%

The percentage of sub-contracting fees for the Year attributable to the Group's major sub-contractors is as follows:

–	The largest sub-contractors	7.7%
–	Five largest sub-contractors	27.5%

None of the Directors, their close associates (as defined in the Listing Rules) or any shareholders (which to the knowledge of the Directors, owns more than 5% of the Company's share capital) had an interest in any of the Group's five largest customers and sub-contractors for the Year.

Purchase, sale or redemption of shares by the Company's Listed Securities

The Company did not redeem any of its Shares listed and traded on the Main Board of the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares during the Year.

Code of Conduct Regarding Director's Securities Transactions

The Company has adopted a code of conduct regarding Director's securities transactions on terms no less exacting than the model code for securities transactions by directors of listed issuer set out in Appendix 10 of the Listing Rules. Having been made a specific enquiry by the Company, each of the Directors confirmed that he had complied with such code of conduct and the model code for securities transactions by directors of listed issuer regarding securities transactions throughout the Year.

Report of the Directors (Continued)

Directors' Interests in Competing Business

During the Year, none of the Directors or the controlling shareholders or substantial shareholders (as defined in the Listing Rules) of the Company or their respective close associates (as defined in the Listing Rules) were considered to have any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused, or was likely to cause any other conflicts of interest with the Group, as required to be disclosed under the Listing Rules.

Audit Committee

The Company has set up an audit committee (the "Audit Committee") on 22 September 2015 with terms of reference as revised by the Board with effect from 26 October 2017. The duties of the Audit Committee are to review relationship with the Company's external auditors, review the Company's financial information, oversee the Company's financial reporting system and internal control procedures and oversee the Company's continuing connected transactions. The Audit Committee comprises all three INEDs, namely Mr. TSE Ting Kwan, who is the chairman of the Audit Committee, Mr. TANG Chi Wang and Mr. WONG Kwong On. The audited consolidated financial statements of the Group for the Year have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Listing Rules and legal requirements, and adequate disclosures have been made.

Related Party Transactions

Details of the significant related party transactions of the Group are set out in note 24 to the consolidated financial statements and all such transactions are continuing connected transactions that are fully exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Public Float

Based on the information that is publicity available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the percentage of public float as prescribed in the Listing Rules for the Year and up to the date of this annual report.

Report of the Directors (Continued)

Compliance with Corporate Governance Code

The Company is committed to implementing good corporate governance practices. Information on the principal corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 16 to 27 of this annual report.

The 2018 Annual General Meeting

The 2018 AGM of the Company will be held at 1/F., 180–182 Hennessy Road, Wanchai, Hong Kong on Thursday, 2 August 2018 at 11:00 a.m. and the notice convening such meeting will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

Subsequent Event

The Group had no material event subsequent to the end of the reporting period and up to the date of this report.

Independent Auditors

The consolidated financial statements for the Year have been audited by DTT, who will retire and, being eligible, offer themselves for re-appointment. The Board has taken the Audit Committee's recommendation that a resolution for their re-appointment as independent auditor of the Company will be proposed at the 2018 AGM.

There has been no change in the auditor of the Company since the Company has been listed on GEM since 2015.

On behalf of the Board

Lam Kin Wing Eddie
Chairman and executive Director

Hong Kong, 20 June 2018

Independent Auditor's Report

Deloitte. 德勤

TO THE SHAREHOLDERS OF THELLOY DEVELOPMENT GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Thelloy Development Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 61 to 95, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

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

Independent Auditor's Report

Key Audit Matters (Continued)

Key audit matter

Revenue and costs from construction contracts and amounts due from/to customers for contract work

We identified the recognition of revenue and costs from construction contracts and amounts due from/to customers for contract work as a key audit matter due to the use of judgment and estimates by management in determining the stage of completion, contract revenue and budget costs of incomplete construction contracts.

During the year ended 31 March 2018, the Group generated revenue of HK$911,517,000 from construction contracts. As disclosed in note 15 to the consolidated financial statements, the carrying amounts of amounts due from/to customers for contract work of HK$14,853,000 and HK$118,596,000, respectively, were recorded in the consolidated statement of financial position as at 31 March 2018.

The Group recognised contract revenue and relevant direct costs according to management's estimation of the progress and outcome of the project. As discussed in note 4 to the consolidated financial statements, management estimated revenue in accordance with the terms set out in the relevant contracts or, in case of variation orders, based on contract terms or other forms of agreements, and the experience of management of the Group, which involve management's best estimates and judgments, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

How our audit addressed the key audit matter

Our procedures in relation to recognition of revenue and costs from construction contracts and amounts due from/ to customers for contract work included:

- Understanding and evaluating management's process in estimation of the contract revenue, budget cost and determination of completion status of the construction contracts;
- Agreeing the total contract value to the contracts, variation orders (if any), architect's instructions or other form of agreements or correspondences, on a sample basis;
- Evaluating the reasonableness of the estimated total contract costs by discussing with the project managers of the Group to understand the status of the respective construction contracts, and comparing the actual costs incurred against management's estimation and the profit margin of other similar projects, on a sample basis; and
- Evaluating the reasonableness of contract revenue recognised to date by:
  - Checking to the latest certificates issued by the external surveyors, customer's correspondences or other documents issued before year end date to evaluate the value of work already performed during the year, on a sample basis;
  - Checking to the Group's internal progress report as well as other supporting documents including the certificates issued by the surveyors, customer's correspondences or other documents issued subsequent to year end date to evaluate subsequent progress of respective projects, on a sample basis;
  - Discussing with the project managers of the Group to understand the status of respective construction contracts, and to evaluate the reasonableness of contract revenue recognised based on the size and complexity of the contracts, on a sample basis; and
  - Evaluating the reasonableness of percentage of completion of construction contracts by comparing the percentage calculated based on external certifications against that calculated based on costs incurred up to date, and investigating any significant differences identified.

Independent Auditor's Report (Continued)

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of trade receivables We identified valuation of trade receivables as a key audit matter due to the use of judgment and estimates by management in assessing the recoverability of trade receivables. As disclosed in note 13 to the consolidated financial statements, the carrying amount of trade receivables and trade receivables which are past due but not impaired amounted to HK$74,128,000 and HK$5,383,000, respectively, as at 31 March 2018. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the customer from the date credit was initially granted up to the end of the reporting period. The Group has a policy for allowance for bad and doubtful debts which is based on the evaluation of collectibility and ageing analysis of the accounts of each customer and on management's judgment including the creditworthiness and the past collection history of each customer.	Our procedures in relation to the valuation of trade receivables included: • Assessing the key controls over monitoring of the recoverability of trade receivables and management's process in estimation of allowance for trade receivables; • Understanding and evaluating the basis used by management in determining the recoverability of trade receivables, which is by making reference to ageing analysis of trade receivables and creditworthiness and the past collection history of each customer; • Assessing the accuracy of the ageing analysis by checking to the original invoices issued by the Group, on a sample basis; • Tracing settlement records during the year and subsequent settlements of each individual debtor to supporting documents including bank records, on a sample basis; and • Assessing the recoverability of overdue trade receivables without subsequent settlement by analysing creditworthiness and past collection history of the customers and inquiring of management on the follow up plans.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report (Continued)

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Hung Suk Fan.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20 June 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	5	**911,517**	468,363
Direct costs		**(808,344)**	(418,949)
Gross profit		**103,173**	49,414
Bank interest income		**359**	245
Administrative expenses		**(27,700)**	(19,341)
Other expenses		**(1,242)**	–
Finance costs	7	**(67)**	(160)
Profit before taxation	8	**74,523**	30,158
Income tax expense	9	**(13,305)**	(5,191)
Profit and total comprehensive income for the year		**61,218**	24,967
Earnings per share	11		
Basic (HK cents)		**7.65**	3.12

Consolidated Statement of Financial Position

At 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Plant and equipment	*12*	**907**	658
Current assets			
Trade receivables	*13*	**74,128**	86,848
Other receivables, deposits and prepayments	*14*	**49,183**	30,269
Amounts due from customers for contract work	*15*	**14,853**	4,325
Pledged bank deposits	*16*	**26,044**	21,002
Bank balances and cash	*16*	**238,102**	84,901
		402,310	227,345
Current liabilities			
Trade payables	*17*	**67,891**	54,660
Other payables and accrued charges	*18*	**64,678**	32,290
Amounts due to customers for contract work	*15*	**118,596**	38,885
Tax payable		**8,135**	2,908
Obligations under finance leases		**–**	75
Bank borrowings	*19*	**–**	486
		259,300	129,304
Net current assets		**143,010**	98,041
Net assets		**143,917**	98,699
Capital and reserves			
Share capital	*20*	**8,000**	8,000
Reserves		**135,917**	90,699
Equity attributable to owners of the Company		**143,917**	98,699

The consolidated financial statements on pages 61 to 95 were approved and authorised for issue by the Board of Directors on 20 June 2018 and are signed on its behalf by:

Lam Kin Wing Eddie
DIRECTOR

Chung Koon Man
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2016	8,000	42,490	18,800	4,442	73,732
Profit and total comprehensive income for the year	–	–	–	24,967	24,967
At 31 March 2017	8,000	42,490	18,800	29,409	98,699
Profit and total comprehensive income for the year	–	–	–	61,218	61,218
Dividend paid *(note 10)*	–	–	–	(16,000)	(16,000)
At 31 March 2018	8,000	42,490	18,800	74,627	143,917

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**74,523**	30,158
Adjustments for:		
Depreciation of plant and equipment	**450**	495
Finance costs	**67**	160
Bank interest income	**(359)**	(245)
Operating cash flows before movements in working capital	**74,681**	30,568
Change in amounts due from/to customers for contract work, net	**69,183**	30,169
Decrease (increase) in trade receivables	**12,720**	(35,421)
Increase in other receivables, deposits and prepayments	**(18,914)**	(10,132)
Increase in trade payables	**13,231**	27,666
Increase in other payables and accrued charges	**32,388**	7,340
Cash generated from operations	**183,289**	50,190
Tax paid	**(8,078)**	(2,008)
NET CASH FROM OPERATING ACTIVITIES	**175,211**	48,182
INVESTING ACTIVITIES		
Bank interest received	**359**	245
Purchase of plant and equipment	**(699)**	(300)
Withdrawal of pledged bank deposits	**–**	8,110
Placement of pledged bank deposits	**(5,042)**	(1,002)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(5,382)**	7,053
FINANCING ACTIVITIES		
Interests paid	**(67)**	(160)
Repayment of obligations under finance leases	**(75)**	(300)
New bank borrowing raised	**41,000**	5,770
Repayment of bank borrowings	**(41,486)**	(5,284)
Dividends paid	**(16,000)**	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(16,628)**	26
NET INCREASE IN CASH AND CASH EQUIVALENTS	**153,201**	55,261
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**84,901**	29,640
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**238,102**	84,901

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

1. General

Thelloy Development Group Limited (the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 28 May 2015 and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 October 2015. The Company transferred the listing of its shares from GEM to the Main Board of the Stock Exchange with effective from 26 October 2017. Its immediate and ultimate holding company is Cheers Mate Holding Limited, a company incorporated in the British Virgin Islands (the "BVI"). The address of the Company's registered office and the principal place of business are PO Box 309, Ugland House, Grand Cayman, Cayman Islands, KY1-1104 and Unit C, 21st Floor, Kings Tower, 111 King Lam Street, Lai Chi Kwok, Kowloon, Hong Kong, respectively.

The Company and its subsidiaries (the "Group") are principally engaged in property construction services in Hong Kong.

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

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKAS 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

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

Amendments to Hong Kong Accounting Standard ("HKAS") 7 "Disclosure Initiative"

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 22. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 22, the application of these amendments has had no impact on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[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	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	As Part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[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 for annual periods beginning on or after a date to be determined.

HKFRS 9 "Financial Instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods.

- in relation to the impairment of financial assets. HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 "Financial Instruments: Recognition and Measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

New and revised HKFRSs in issue but not yet effective (Continued)

HKFRS 9 "Financial Instruments" (Continued)

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the directors of the Company anticipate on initial application of HKFRS 9, all financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39. However, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Company's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Company.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Company, impairment loss may appear as at 1 April 2018 in respect of the expected credit losses provision on trade and other receivables. Such impairment, if any, under expected credit loss model would reduce the opening retained earnings at 1 April 2018.

HKFRS 15 "Revenue from Contracts with Customers"

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

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

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

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

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company considered that upon application of HKFRS 15, revenue from construction contracts is recognised over time as the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced. With the performance obligation satisfied over time, the revenue recognised is measured at the progress towards complete satisfaction of the performance obligation.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

New and revised HKFRSs in issue but not yet effective (Continued)

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

In order to faithfully represent the depiction of the Group's performance in transferring control of good or services promised to its customer, the Group would adopt input method to measure its progress by reference to the actual costs incurred relative to the total expected costs.

Currently, under HKAS 18, the Group's revenue from construction contracts is recognised based on the stage of completion at the end of each reporting period determined with reference to surveys of work performed to date relative to the estimated total contract revenue as the directors of the Company considered such method measures reliably the construction services performed.

The directors of the Company intend to apply the limited retrospective method with cumulative effect of initial application recognised in opening balance of equity at 1 April 2018. If the input method under HKFRS 15 were applied, the opening retained profits and net assets would decrease.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Furthermore, extensive disclosures are required by HKFRS 16.

At 31 March 2018, the Group has non-cancellable operating lease commitments of HK$1,471,000 as disclosed in note 21. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases.

Except as disclosed above, the directors of the Company anticipate that the application of the other new and revised HKFRSs in issue but not yet effective will have no material impact on the results and financial position of the Group in the future.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

3. Significant Accounting Policies

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

The consolidated financial statements have been prepared on the historical cost basis.

Historical cost is generally based on fair value of the consideration given in exchange for services.

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

3. Significant Accounting Policies (Continued)

The principal accounting policies adopted are set out below.

Basis of consolidation

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

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from construction contracts is recognised based on the stage of completion of the respective contracts at the end of the reporting period. The percentage of completion is determined using methods that measure reliably the work performed. The methods used include reference to surveys of work performed or the proportion that contract cost incurred for work performed to date relative to the estimated total contract costs.

Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

3. Significant Accounting Policies (Continued)

Plant and equipment

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

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

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

Impairment losses on assets

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value on use (if determinable) and zero. The amount of impairment loss that would otherwise have been allocated to the asset is allocated pro rata to other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

3. Significant Accounting Policies (Continued)

Construction contracts

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

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

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

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade receivables.

Taxation

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

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

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

3. Significant Accounting Policies (Continued)

Taxation (Continued)

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

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

Current and deferred tax are recognised in profit or loss.

Leasing

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

Operating lease payments, of which the Group is the lessee, are recognised as an expense on a straight-line basis over the lease term.

Retirement benefits costs

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

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

3. Significant Accounting Policies (Continued)

Financial instruments

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

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

Financial assets

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

Effective interest method

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables and deposits, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of loans and receivables (Continued)

Objective evidence of impairment for a portfolio of trade receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments, observable changes in national or local economic conditions that correlate with default on trade receivables.

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

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables and accrued charges and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

4. Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Construction contracts

The Group recognises contract revenue and relevant direct costs according to management's estimation of the progress and outcome of the project. Estimated revenue is determined in accordance with the terms set out in the relevant contracts or, in case of variation orders, based on contract terms or other forms of agreements. Estimated direct costs, which mainly comprise of direct labour cost, subcontracting charges and costs of materials, are variable and estimated by the directors of the Company according to the amount of direct labour, subcontracting charges and costs of materials incurred from time to time based on quotations provided by the major subcontractors/suppliers/vendors involved and the experience of the directors of the Company. Notwithstanding that the directors of the Company frequently review and revise the estimates of both estimated revenue and direct costs as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Allowance for trade receivables

Management of the Group reviews ageing analysis, repayment history of its trade receivables and takes into consideration the estimation of future cash flows to determine allowance for trade receivables. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, impairment loss may arise. At 31 March 2018, the carrying amount of trade receivables was HK$74,128,000 (2016: HK$86,848,000).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

5. Revenue and Segment Information

Revenue represents the fair value of amounts received and receivable from the construction contracts by the Group to external customers. The Group's operation is solely derived from construction services in Hong Kong for both years. For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive of the Group) reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in note 3. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

Geographical information

No geographical information is presented as the Group's revenue are all derived from Hong Kong based on the location of services delivered. The Group's plant and equipment amounting to HK$907,000 (2017: HK$658,000) as at 31 March 2018 are all physically located in Hong Kong.

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the year is as follows:

	2018 **HK$'000**	2017 HK$'000
Customer A	**441,505**	87,677
Customer B	**189,074**	N/A*
Customer C	**97,406**	N/A*
Customer D	**N/A***	141,838
Customer E	**N/A***	47,198

* These customers accounted for less than 10% of revenue during the year.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

6. Directors', Chief Executive's and Employees' Remuneration

(a) Directors' and chief executive's emoluments

The emoluments paid or payable to directors of the Company are as follows:

	Lam Kin Wing Eddie HK$'000 *(notes b & d)*	Shut Yu Hang HK$'000 *(note d)*	Chung Koon Man HK$'000 *(notes c & d)*	Tang Chi Wang HK$'000 *(note e)*	Tse Ting Kwan HK$'000 *(note e)*	Wong Kwong On HK$'000 *(note e)*	Total HK$'000
Year ended 31 March 2018							
Fee	–	–	–	173	173	173	519
Other emoluments:							
Salaries and other benefits	2,040	1,323	2,780	–	–	–	6,143
Performance and discretionary bonus *(note a)*	600	420	400	–	–	–	1,420
Contributions to retirement benefits schemes	18	18	18	–	–	–	54
Total emoluments	2,658	1,761	3,198	173	173	173	8,136

	Lam Kin Wing Eddie HK$'000 *(notes b & d)*	Shut Yu Hang HK$'000 *(note d)*	Chung Koon Man HK$'000 *(notes c & d)*	Tang Chi Wang HK$'000 *(note e)*	Tse Ting Kwan HK$'000 *(note e)*	Wong Kwong On HK$'000 *(note e)*	Total HK$'000
Year ended 31 March 2017							
Fee	–	–	–	150	150	150	450
Other emoluments:							
Salaries and other benefits	1,920	1,221	2,429	–	–	–	5,570
Performance and discretionary bonus *(note a)*	–	630	–	–	–	–	630
Contributions to retirement benefits schemes	18	18	18	–	–	–	54
Total emoluments	1,938	1,869	2,447	150	150	150	6,704

Notes:

a. The performance and discretionary bonus are determined by the board of directors from time to time with reference to the directors' duties and responsibilities and the Group's performance and profitability.

b. Mr. Lam Kin Wing Eddie acts as chief executive of the Group and his emoluments disclosed above include those for services rendered by him as the chief executive.

c. Mr. Chung Koon Man was appointed as the executive director of the Company on 14 April 2016.

d. The emoluments and retirement benefits of the executive directors, including Mr. Lam Kin Wing Eddie, Mr. Shut Yu Hang and Mr. Chung Koon Man are for their services in connection with the management of the affairs of the Company and the Group.

e. The emoluments of the independent non-executive directors, including Mr. Tang Chi Wang, Mr. Tse Ting Kwan and Mr. Wong Kwong On, are for their services as the directors of the Company.

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

6. Directors', Chief Executive's and Employees' Remuneration (Continued)

(b) Employees' emoluments

The five highest paid individuals of the Group included 3 (2017: 3) directors of the Company. Details of their emoluments are provided above. The emoluments of the remaining 2 (2017: 2) highest paid individual for the year are set out as follows:

	2018 HK$'000	2017 HK$'000
Employees		
Salaries and other benefits	**1,825**	1,677
Performance and discretionary bonus	**450**	490
Contributions to retirement benefits schemes	**36**	36
	2,311	2,203

The emoluments of the above two remaining highest paid individuals who are not the directors of the Company are within the band HK$1,000,001 to HK$1,500,000.

No emolument was paid by the Group to the directors, the chief executive or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived or agreed to waive any emoluments during both years.

7. Finance Costs

	2018 HK$'000	2017 HK$'000
Interests on:		
Bank borrowings	**60**	128
Obligations under finance leases	**7**	32
	67	160

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

8. Profit before Taxation

	2018 HK$'000	2017 HK$'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	**1,000**	650
Depreciation of plant and equipment	**450**	495
Operating lease rentals in respect of buildings	**1,774**	1,770
Directors' remuneration *(note 6)*	**8,136**	6,704
Staff costs:		
Salaries and allowances	**72,767**	30,150
Contributions to retirement benefits schemes	**2,961**	1,021
Total staff costs	**83,864**	37,875

9. Income Tax Expense

	2018 HK$'000	2017 HK$'000
Hong Kong Profits Tax:		
Current tax	**(13,366)**	(5,271)
Overprovision in prior years	**61**	80
	(13,305)	(5,191)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

9. Income Tax Expense (Continued)

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

	2018 **HK$'000**	2017 HK$'000
Profit before taxation	**74,523**	30,158
Taxation at the domestic income tax rate of 16.5% (2017: 16.5%)	**(12,296)**	(4,976)
Tax effect of expenses not deductible for tax purpose	**(65)**	(295)
Tax effect of estimated tax losses not recognised	**(1,005)**	–
Overprovision in prior years	**61**	80
Income tax expense	**(13,305)**	(5,191)

The Group has estimated unused tax losses of HK$6,088,000 (2017: nil) available for offsetting against future taxable profits of the companies in which the losses arose. No deferred tax asset has been recognised in respect of the unused tax losses due to unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

10. Dividends

During the year ended 31 March 2018, an interim dividend in respect of the year ended 31 March 2018 of HK2.0 cents per ordinary shares, in an aggregate amount of HK$16,000,000, has been recognised as distribution and paid (2017: nil).

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2018 of HK2.5 cents per ordinary share, in an aggregate amount of HK$20,000,000, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting (2017: nil).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

11. Earnings per Share

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

Earnings

	2018 HK$'000	2017 HK$'000
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**61,218**	24,967

	Number of shares 2018 '000	 2017 '000
Number of ordinary shares for the purpose of calculating basic earnings per share	**800,000**	800,000

No diluted earnings per share for both years is presented as there is no potential ordinary shares in issue for both years.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

12. Plant and Equipment

	Leasehold Improvements HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Computer equipment and software HK$'000	Total HK$'000
COST						
At 1 April 2016	77	98	2,700	139	79	3,093
Additions	270	3	–	–	27	300
At 31 March 2017	347	101	2,700	139	106	3,393
Additions	56	18	570	–	55	699
Disposals	–	–	(1,620)	(25)	–	(1,645)
At 31 March 2018	403	119	1,650	114	161	2,447
DEPRECIATION						
At 1 April 2016	7	89	1,984	115	45	2,240
Provided for the year	30	3	446	7	9	495
At 31 March 2017	37	92	2,430	122	54	2,735
Provided for the year	39	6	384	7	14	450
Eliminated on disposals	–	–	(1,620)	(25)	–	(1,645)
At 31 March 2018	76	98	1,194	104	68	1,540
CARRYING AMOUNT						
At 31 March 2018	327	21	456	10	93	907
At 31 March 2017	310	9	270	17	52	658

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the shorter of the term of the lease or 10 years
Furniture and fixtures	5 years
Motor vehicles	$3^1/_3$ years
Office equipment	5 years
Computer equipment and software	5 years

At 31 March 2017, the carrying amount of motor vehicles included an amount of HK$270,000 in respect of assets held under finance leases.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

13. Trade Receivables

The credit term granted by the Group to its customers is 30 days from the date of invoices on progress payments of contract work. An ageing analysis of trade receivables is presented based on the invoice date at the end of the reporting period.

	2018 HK$'000	2017 HK$'000
0 – 30 days	**68,745**	83,542
31 – 60 days	**–**	599
61 – 90 days	**–**	2,707
91 – 360 days	**2,077**	–
Over 360 days	**3,306**	–
	74,128	86,848

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributable to customers are reviewed regularly. Approximately 93% (2017: 96%) of trade receivables as at 31 March 2018, that are neither past due nor impaired, has no default payment in the past.

The Group has a policy for allowance of bad and doubtful debts which is based on the evaluation of collectibility and ageing analysis of the accounts of each customer and on management's judgment including the creditworthiness and the past collection history of each customer.

Included in the Group's trade receivables are debtors with an aggregate carrying amount of HK$5,383,000 (2017: HK$3,306,000) which are past due as at 31 March 2018, for which the Group has not provided for impairment loss as there has not been a significant change in credit quality of the trade receivables and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 386 days (2017: 77 days) as at 31 March 2018.

Ageing of trade receivables which are past due but not impaired

	2018 HK$'000	2017 HK$'000
31 – 60 days	**–**	599
61 – 90 days	**–**	2,707
91 – 360 days	**2,077**	–
Over 360 days	**3,306**	–
	5,383	3,306

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the customer from the date credit was initially granted up to the end of the reporting period. The trade receivables past due but not provided for impairment loss as at the end of the reporting period are either subsequently settled or no historical default of payments by the respective customers. The directors of the Company believe that there is no allowance for doubtful debts required.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

14. Other Receivables, Deposits and Prepayments

	2018 HK$'000	2017 HK$'000
Deposits	**8,998**	7,937
Retention receivables *(note)*	**39,812**	22,088
Prepayments	**373**	244
Total	**49,183**	30,269

Note: Retention monies withheld by customers of contract work will be released after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts, ranging from 1 to 2 years from the date of completion of the respective construction contracts.

15. Amounts due from/to Customers for Contract Work

	2018 HK$'000	2017 HK$'000
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	**965,822**	249,116
Less: Progress billings	**(1,069,565)**	(283,676)
Total	**(103,743)**	(34,560)
Analysed as:		
Amounts due from customers for contract work	**14,853**	4,325
Amounts due to customers for contract work	**(118,596)**	(38,885)
	(103,743)	(34,560)

16. Pledged Bank Deposits/Bank Balances and Cash

Pledged bank deposits represent deposits pledged to banks to secure the banking facilities (including the bank borrowings and performance guarantee) granted to the Group, and carry interest at prevailing market rate ranging from 0.01% to 1.15% (2017: 0.01% to 1.15%) per annum.

Bank balances and cash comprise cash held and short term bank deposits with an original maturity of three months or less, and carry interest at prevailing market rate ranging from 0.01% to 1.20% (2017: 0.01% to 1.15%) per annum.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

17. Trade Payables

The credit period granted to the Group on subcontracting of contract work services is 30 to 45 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2018 HK$'000	2017 HK$'000
0 – 30 days	**67,891**	54,660

18. Other Payables and Accrued Charges

	2018 HK$'000	2017 HK$'000
Accrued charges	**17,933**	10,412
Retention payables *(note)*	**43,681**	18,282
Deposits received	**3,064**	3,596
	64,678	32,290

Note: Retention monies payable to sub-contractors of contract work will be released by the Group after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts, ranging from 1 to 2 years from the date of completion of the respective construction contracts.

19. Bank Borrowings

At 31 March 2017, bank borrowings were unsecured, repayable within one year and carried interest at Hong Kong Interbank Offered Rate ("HIBOR") plus a spread of 2% per annum.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

20. Share Capital

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2016, 31 March 2017 and 31 March 2018	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2016, 31 March 2017 and 31 March 2018	800,000,000	8,000

All issued shares rank pari passu in all respects with each other.

21. Operating Lease Commitments

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises as follows:

	2018 HK$'000	2017 HK$'000
Within one year	**1,471**	1,525
In the second to fifth year inclusive	**–**	1,302
	1,471	2,827

Operating lease payments represent rentals payable by the Group for its offices. Leases are negotiated and fixed for a term of two years.

At 31 March 2018, included above is operating lease commitments with a related company of HK$1,302,000 which fall due within one year (2017: HK$1,302,000 within one year and HK$1,302,000 in the second to fifth year inclusive).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

22. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Dividend payable HK$'000	Interest payables HK$'000	Bank borrowings HK$'000	Obligation under finance leases HK$'000	Total HK$'000
At 1 April 2017	–	–	486	75	561
Financing cash flows	(16,000)	(60)	(486)	(82)	(16,628)
Finance costs recognised *(note 7)*	–	60	–	7	67
Dividends declared	16,000	–	–	–	16,000
At 31 March 2018	–	–	–	–	–

23. Contingent Liabilities

At 31 March 2018, performance guarantee of approximately HK$34,632,000 (2017: HK$47,686,000) are given by banks in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and their customers for construction work. The Group has contingent liabilities to indemnify the banks or insurance company for any claims from customers under the guarantee due to the failure of the Group's performance. The performance guarantee are secured by the project proceeds and will be released upon completion of the contract work.

The directors of the Company do not consider it is probable that a claim will be made against the Group.

24. Related Party Transaction

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with a related party:

	2018 HK$'000	2017 HK$'000
Operating lease rentals to Popstate Limited	**1,302**	1,302

Note: Popstate Limited is wholly-owned by Mr. Lam Kin Wing Eddie.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

24. Related Party Transaction (Continued)

Compensation of key management personnel

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

	2018 HK$'000	2017 HK$'000
Short-term benefits	12,465	11,497
Post-employment benefits	144	144
	12,609	11,641

25. Retirement Benefits Schemes

The MPF Schemes is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Schemes are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Schemes, the employer and its employees are each required to make contributions to the MPF Schemes at rates specified in the rules. The only obligation of the Group with respect to the MPF Schemes is to make the required contributions. Except for voluntary contribution, no forfeited contribution under the MPF Schemes was available to the Group for reducing the contribution payable in the year ended 31 March 2018, nor will it be available in future years. The Group follows the minimum contribution requirement of 5% of eligible employees' relevant aggregate income with a cap of HK$1,500 per employee per month.

The retirement benefits schemes contributions arising from the MPF Schemes charged to the consolidated statement of profit or loss and other comprehensive income represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

The Group's contributions to the retirement benefits schemes charged to profit or loss in the consolidated statement of profit or loss and other comprehensive income amounted to approximately HK$3,015,000 (2017: HK$1,075,000).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

26. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remained unchanged from prior year.

The capital structure of the Group consists of debt, which includes bank borrowings as disclosed in note 19, and equity of the Group, comprising issued share capital and reserves.

Management of the Group reviews the capital structure regularly taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through issue of new shares, raise of new borrowings or repayment of existing borrowings.

27. Financial Instruments

(a) Categories of financial instruments

	2018 **HK$'000**	2017 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**387,084**	222,776
Financial liabilities		
Amortised cost	**130,970**	87,436

(b) Financial risk management objectives and policies

The Group's financial instruments include trade receivables, other receivables and deposits, pledged bank deposits, bank balances and cash, trade payables, other payables and accrued charges and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The Group has limited currency exposure as both the sales and direct costs are denominated in the functional currency of the respective group entity. Accordingly, management of the Group considers that the Group's exposure to foreign currency risk is minimal.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

27. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Interest rate risk

The Group's cash flow interest rate risk primarily relates to the pledged banks deposits and bank balances (note 16) as at 31 March 2018 and 2017 and variable-rate bank borrowings (note 19) as at 31 March 2017.

At 31 March 2017, the Group was exposed to fair value interest rate risk in relation to its obligations under finance leases.

The Group has not used any interest rate swaps to mitigate its exposure associated with interest rate risk. However, management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

In the opinion of management of the Group, the expected change in interest rate will not have significant impact on interest income or expenses on bank balances or bank borrowings, hence sensitivity analysis is not presented.

Credit risk

The Group's credit risk is primarily attributable to trade receivables, other receivables, pledged bank deposits and bank balances.

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position at the end of the reporting period.

The Group's customers are mainly government departments/organisation and thus credit risk is considered to be low. Except for the customers of government departments/organisation, management of the Group adopted a policy on providing credit to new customers. A credit investigation, including assess to financial information, advice from business partners in relation to the potential customers and credit search, would be conducted. The level of credit granted must not exceed a predetermined level set by management of the Group and approvals for exceeding credit limits must be documented in writing. Credit evaluation is performed on a regular basis. There is a team of staff designated for collection of receivables.

The Group has concentration of credit risks with exposure limited to certain customers. Four customers (2017: three customers) amounting to approximately HK$62,839,000 (2017: HK$65,214,000) and HK$29,587,000 (2017: HK$8,629,000) constitute approximately 85% (2017: 75%) of the Group's trade receivables and 74% (2017: 39%) of the Group's retention receivables, respectively, as at 31 March 2018. Management of the Group closely monitors the subsequent settlement of the customers. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk for pledged bank deposits and bank balances is considered as insignificant as such amounts are placed in banks with good reputations.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

27. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management of the Group to finance the Group's operations and mitigate the effects of unexpected fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Repayable on demand HK$'000	Within 1 year HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 March 2018					
Non-derivative financial liabilities					
Trade payables	N/A	–	67,891	67,891	67,891
Other payables and accrued charges	N/A	–	63,079	63,079	63,079
		–	130,970	130,970	130,970
At 31 March 2017					
Non-derivative financial liabilities					
Trade payables	N/A	–	54,660	54,660	54,660
Other payables and accrued charges	N/A	–	32,290	32,290	32,290
Bank borrowings	Note	486	–	486	486
Obligations under finance leases	3.50	–	82	82	75
		486	87,032	87,518	87,511

Note: Variable-rate bank borrowings carry interest at HIBOR plus a spread. The prevailing market rate at the end of the reporting period is used in the maturity analysis.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

27. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ from the estimated interest rates determined at the end of the reporting period.

At 31 March 2017, bank borrowings with a repayment on demand clause were included in the "repayment on demand" time band in the above maturity analysis. The aggregate carrying amount of these bank borrowings amounted to approximately HK$486,000. Taking into account the Group's financial position, the directors of the Company did not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believed that such bank borrowings would be repaid in accordance with the scheduled repayment dates set out in the loan agreements. Assuming the banks would not exercise their discretionary rights to demand immediate repayment, the aggregate principal and interest cash outflows for such bank borrowings amounted to approximately HK$487,000 in the banding of "within 1 year".

(c) Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

28. Statement of Financial Position of the Company

	2018 HK$'000	2017 HK$'000
Non-current asset		
Investment in a subsidiary	**53,023**	–
Current assets		
Amounts due from subsidiaries	**44**	36,193
Bank balances and cash	**6**	4
	50	36,197
	53,073	36,197
Capital and reserves		
Share capital	**8,000**	8,000
Reserves	**45,073**	28,197
	53,073	36,197

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2018

28. Statement of Financial Position of the Company (Continued)

	Share premium HK$'000	Retained (losses) earnings HK$'000	Total HK$'000
At 1 April 2016	42,490	(13,062)	29,428
Loss and total comprehensive expense for the year	–	(1,231)	(1,231)
At 31 March 2017	42,490	(14,293)	28,197
Profit and total comprehensive income for the year	–	32,876	32,876
Dividends paid	–	(16,000)	(16,000)
At 31 March 2018	42,490	2,583	45,073

29. Particulars of Principal Subsidiaries

Details of the Company's principal subsidiaries as at 31 March 2018 and 2017 are as follows:

Name of subsidiary	Place of incorporation/ principal place of business	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company 2018 %	2017 %	Principal activities
Direct subsidiary					
Techoy Holding Limited	BVI/Hong Kong	US$1	**100**	100	Investment holding
Indirect subsidiary					
Techoy Construction Company Limited	Hong Kong/ Hong Kong	HK$18,800,000	**100**	100	Property construction in Hong Kong
Thelloy Construction Company Limited	Hong Kong/ Hong Kong	HK$2	**100**	100	Interior decoration

None of the subsidiary has issued any debt securities at the end of the reporting period.

Financial Summary

Results

	For the year ended 31 March				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**911,517**	468,363	160,673	207,031	172,221
Profit for the year attributable to owners of the Company	**61,218**	24,967	2,860	17,796	12,346

Assets and liabilities

	At 31 March				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**403,217**	228,003	132,299	126,869	86,479
Total liabilities	**(259,300)**	(129,304)	(58,567)	(71,487)	(42,693)
Total equity	**143,917**	98,699	73,732	55,382	43,786