Wing Chi Holdings Limited
榮智控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6080

2018
Annual Report

Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Cheuk Kam *(Chairman)*
Mr. Li Kun Yee (resigned with effect from 1 June 2018)
Mr. Li Wai Fong
Mr. Liauw Hung

Independent Non-executive Directors

Mr. Wong Chik Kong
Mr. Chan Chung Kik Lewis
Mr. Lee Kwok Lun

AUDIT COMMITTEE

Mr. Chan Chung Kik Lewis *(Chairman)*
Mr. Wong Chik Kong
Mr. Lee Kwok Lun

NOMINATION COMMITTEE

Mr. Li Cheuk Kam *(Chairman)*
Mr. Chan Chung Kik Lewis
Mr. Wong Chik Kong
Mr. Lee Kwok Lun

REMUNERATION COMMITTEE

Mr. Wong Chik Kong *(Chairman)*
Mr. Chan Chung Kik Lewis
Mr. Lee Kwok Lun
Mr. Li Cheuk Kam

COMPANY SECRETARY

Ms. Li Mei Wai

AUTHORISED REPRESENTATIVES

Mr. Li Cheuk Kam
Ms. Li Mei Wai

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3404A
Cable TV Tower
9 Hoi Shing Road
Tsuen Wan
New Territories
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

CAYMAN ISLANDS PRINCIPAL SHARE REGISTER AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTER AND TRANSFER OFFICE

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

COMPLIANCE ADVISER

Dakin Capital Limited
Room 2701,
Admiralty Centre
Tower 1, 18 Harcourt Road
Admiralty
Hong Kong

PRINCIPAL BANKS

Nanyang Commercial Bank, Ltd.

AUDITORS

SHINEWING (HK) CPA Limited
Certified Public Accountants
43rd Floor
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

LEGAL ADVISER AS TO HONG KONG LAW

TC & Co.
Solicitors, Hong Kong
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8 Fleming Road
Wanchai
Hong Kong

COMPANY'S WEBSITE

www.wingchiholdings.com

STOCK CODE

6080

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Wing Chi Holdings Limited (the "**Company**", which, together with its subsidiaries, is referred to as (the "**Group**"), I am delighted to report the annual results of the Group for the year ended 31 March 2018.

This year marked an important milestone for the Group's development. The shares of the Company were successfully listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 20 October 2017 (the "**Listing Date**"). The Listing has not only enhanced our corporate image in the market, it also improved our capital strength in coping with the future business development in the industry. On behalf of the Group, I would like to express our deepest gratitude towards our business partners and staff who helped to build up our business over the years, and all parties involved in the process of the Listing.

The Group is a Hong Kong based subcontractor principally engaged in the foundation and site formation works. For the year ended 31 March 2018, the Group recorded revenue of approximately HK$535.5 million, representing an increase of approximately 40.7% as compare to the corresponding year ended 31 March 2017. The Group's profit attributable to shareholders of the Company before taking into account the listing expenses for the year ended 31 March 2018 was approximately HK$28.4 million. After taking into account the aforesaid listing expenses, profit attributable to shareholders of the Company for the year ended 31 March 2018 was approximately HK$12.0 million.

The construction industry in Hong Kong remains competitive. The Group is facing certain challenges in the industry such as tight labour market and keen competition in the industry. However, according to the announcement of the Hong Kong SAR Chief Executive's 2017 Policy addresses, 210 sites which can be used for residential development, potentially providing 380,000 public and private housing units have been identified. We are therefore confident in the growth of the construction industry in Hong Kong. The Group will strive to maintain its competitive position in the market by adopting different business strategies.

On behalf of the Board, I would like to take this opportunity to express my sincere appreciation to our customers, suppliers, subcontractors, other business partners and our Shareholders for their continuous support. I would like to also thank the management team and my fellow staff members for their continuous trust and support.

Li Cheuk Kam
Chairman
Hong Kong, 15 June 2018

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group has more than 10 years' history in the Hong Kong foundation industry, especially in foundation and site formation works. The foundation and site formation works provided by the Group represent the projects undertaken by it, the nature of which is broadly classified as excavation and lateral support (ELS) works, pile caps construction and site formation works for both public and private sector projects. To a lesser extent, the Group also leases some of its machinery. Lik Shing Engineering Company Limited, the Group's principal operating subsidiary, is registered with the Construction Industry Council as a registered subcontractor since May 2008.

According to the announcement of the Hong Kong SAR Financial Secretary's 2018-19 Budget, land supply and housing remain important issues in the society. The Hong Kong SAR Government will continue to increase the land supply by rezoning sites, increasing development density, urban renewal and reclamation works. The Group believes that more foundation projects will be launched in the near future.

Despite keen competition in the foundation industry and the increase in cost of production, the Group is still optimistic about the construction industry in Hong Kong. The Group will continue to strengthen its market position and look forward to achieving continuous growth of business.

FINANCIAL REVIEW

During the year ended 31 March 2018, the Group had been awarded 29 new contracts, with an aggregate original contract sum of approximately HK$347.3 million and had completed 26 projects with an aggregate original contract sum of approximately HK$290.8 million.

As at 31 March 2018, the Group had 20 projects on hand (including projects in progress as well as projects that have been awarded to us but not yet commenced) with a total original contract sum of approximately HK$439.1 million.

Revenue

The revenue from foundation and site formation works of the Group for the year ended 31 March 2018 amounted to approximately HK$519.1 million, representing an increase of approximately HK$158.6 million, or 44% compared to approximately HK$360.5 million for the year ended 31 March 2017. The increase was primarily due to the recognition of revenue from more sizable projects which commenced during the year ended 31 March 2017 and substantially completed during the year ended 31 March 2018.

The revenue from machinery leasing of the Group for the year ended 31 March 2018 amounted to approximately HK$16.4 million, representing a decrease of approximately HK$3.8 million, or 18.8%, compared to approximately HK$20.2 million for the year ended 31 March 2017. This amount represents the revenue contributed by the Group's leasing of its machinery to contractors and/or subcontractors under operating leases.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

The gross profit of the Group for the year ended 31 March 2018 amounted to approximately HK$54.5 million, representing an increase of approximately HK$8.2 million, or 17.7%, compared to approximately HK$ 46.3 million for the year ended 31 March 2017. The increase in gross profit is in line with the substantial increase in revenue. The gross profit margin has decreased from 12.2% for the year ended 31 March 2017 to 10.2% for the year ended 31 March 2018. The decrease in the gross profit margin was mainly attributable to the decrease in the gross profit margin of our construction works, due to the lower gross profit derived from new projects and the increase in cost of production during the year ended 31 March 2018.

The Group prices its services based on various factors, among others, the scope of works and the complexity of the projects. In this regard, the Group's profitability depends on the nature of projects engaged by the Group. On the other hand, the Group prices its leasing machinery based on the procurement cost and the expected profit margin.

Other Income

The other income of the Group for the year ended 31 March 2018 amounted to approximately HK$1.4 million, representing a decrease of approximately HK$0.3 million or 17.6% compared to approximately HK$1.7 million for the year ended 31 March 2017. The decrease was primarily due to the non-recurrent gain on disposal of plant and equipment of approximately HK$1.3 million for the year ended 31 March 2017 partly offset by fair value gain on investment property of approximately HK$0.6 million for the year ended 31 March 2018.

Administrative Expenses

The administrative expenses of the Group for the year ended 31 March 2018 amounted to approximately HK$38.2 million, representing an increase of approximately HK$20.5 million or 115.8% compared to approximately HK$17.7 million for the year ended 31 March 2017. The increase was primarily due to the one-off listing expenses of approximately HK$16.4 million for the year ended 31 March 2018 (2017: HK$4.3 million) and increase of salaries for the year ended 31 March 2018.

Finance Costs

The finance costs of the Group for the year ended 31 March 2018 amounted to approximately HK$0.6 million, representing a decrease of approximately HK$0.2 million or 25% compared to approximately HK$0.8 million for the year ended 31 March 2017. The decrease was primarily due to the decrease in borrowings during the year ended 31 March 2018 as compared to 2017.

Profit attributable to owners of the Company

The Group reported profit attributable to owners of the Company of approximately HK$12.0 million for the year ended 31 March 2018 as compared to approximately HK$23.4 million for the year ended 31 March 2017, representing a decrease of approximately HK$11.4 million or 48.7%. Excluding the listing expenses of approximately HK$16.4 million for the year ended 31 March 2018 (2017: HK$4.3 million), the Group would have an adjusted net profit of approximately HK$28.4 million for the year ended 31 March 2018 (2017: HK$27.7 million).

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL POSITION AND CAPITAL STRUCTURE

The Group has funded its liquidity and capital requirements primarily through capital contributions from shareholders, bank borrowings, cash inflows from operating activities and proceeds received from the Listing.

The shares of the Company (the "**Shares**") were successfully listed on the Main Board of the Stock Exchange on 20 October 2017 and there has been no change in the capital structure of the Group since then.

As at 31 March 2018, the Group had in total cash and cash equivalents of approximately HK$89.5 million (31 March 2017: approximately HK$21.3 million). The increase was primarily due to the net proceeds received from the Listing by the Company on 20 October 2017.

As at 31 March 2018, the gearing ratio of the Group, calculated by the total debts (defined as the sum of the amounts due to a Director, bank borrowings and obligations under finance leases) divided by the total equity is approximately 3.3% (31 March 2017: 21.3%). The decrease was primarily due to repayment of borrowings and amounts due to a Director.

TREASURY POLICY

The Group continues to manage its financial position carefully and maintains conservative policies in cash and financial management. The Board closely monitors the Group's liquidity position to ensure that the Group can meet its funding requirements for business development.

PLEDGE OF ASSETS

As at 31 March 2018, the Group's plant and equipment with an aggregate net book value of approximately HK$5.3 million (31 March 2017: HK$2.4 million) were pledged under finance lease, while investment property of approximately HK$6.9 million (31 March 2017: HK$6.3 million) was pledged to secure banking facilities granted to the Group.

EXPOSURE TO FOREIGN EXCHANGE RATE RISKS

As the Group only operates in Hong Kong and almost all of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the Board is of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk during the year ended 31 March 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

RISKS AND UNCERTAINTIES

The Group's operation is subject to the general economic environment and market risks which may affect our business performance. The Group believe that there are certain risks involved in our business and operations which can be summarised as follows:

Business risks

The Group's revenue is mainly derived from foundation and site formation works which are not recurring in nature and any decrease in the number of construction projects awarded would affect the Group's operational and financial results. In addition, the Group determines the price of tenders for construction projects based on the estimated time and costs involved in the construction project concerned, and the actual time and costs incurred may exceed our estimate due to unexpected circumstances, thereby adversely affect our operations and financial results.

The Group involved in certain construction litigation and disputes which may adversely affect the Group's financial performance and reputation. On the other hand, the Group's liquidity position may be affected by delays or defaults of progress payments of retention monies by customers which would adversely affect the Group's cash flows or financial results.

Industry and market risks

The construction industry is highly competitive. There are a significant number of industry players who provide similar services as ours. The Group is facing changes in existing laws, regulations and the Government policies, including the introduction of more stringent laws and regulations on environment protection and labour safety which may cause the Group to incur substantial additional revenue expenditure.

All of the Group's revenue was derived in Hong Kong. If Hong Kong experiences any adverse economic conditions due to events beyond our control, such as a local economic downturn, natural disasters, contagious disease outbreaks, terrorist attacks, or if the local authorities adopt regulations that place additional restrictions or burdens on the construction industry in general, the Group's overall business and results of operations may be materially and adversely affected. The state of political environment in Hong Kong may adversely affect the Group's performance and financial condition.

For other risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" in the prospectus of the Company dated 30 September 2017 (the "**Prospectus**").

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and the management are aware, the Group has complied in all material respects with the applicable laws and regulations that have a significant impact on the business and operations of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

To maintain continuous growth of the business operation, the Group recognises that employees, customers and suppliers are the keys to its sustainable development. The Group maintains good relationship with its employees, customers and suppliers.

Employees

The Group recognises that employees as valuable assets for the delivery of quality services and works to its customers. Therefore, the Group provides comprehensive and competitive remuneration package, build a stable workforce and cultivate a harmonious workplace to attract, motivate and retain appropriate and suitable employees to serve the Group. The Group has implemented a performance appraisal system with appropriate incentives to motivate and reward employees at all levels. In addition, the Group recognises the importance of enriching the knowledges and skills of our employees for sustainable business development. Thus, the Group provides appropriate on-the-job-training and development opportunities in order to attain the employees' best performance.

Customers

The Group endeavours to maintain a good and long-term business relationship with customers by delivering our quality services to satisfy their needs. Hence, the Group regularly engages with customers through a variety of communication channels, such as regular reviews and analysis on customer feedback to understand customers' needs and expectation. All feedback collected are valued by management and are reviewed and duly considered in the decision-making processes.

Suppliers and sub-contractors

The Group maintains stable working relationships with suppliers and sub-contractors in order to ensure that good quality of works and services will be provided to the Group. The Group's management conducts periodic performance reviews with suppliers and sub-contractors. When selecting major suppliers and sub-contractors, the Group will perform an analysis on the ability of the suppliers and sub-contractors such as the quality of products or services, delivery schedules, experience, track record, financial history and reputation.

CAPITAL EXPENDITURE

During the year ended 31 March 2018, the Group invested approximately HK$11.4 million on acquisition of plant and equipment, motor vehicles and computer equipment. Capital expenditure was principally funded by finance leases, internal resources and proceeds from the new shares offer through the Listing.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed in this report, the Group had no material capital commitments or contingent liabilities.

As at the 31 March 2018, the Group had capital commitments of approximately HK$5.5 million on acquisition of plant and equipment contracted for but not yet accounted for in the financial statements.

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the announcement of the Company dated 31 May 2018, Mr. Li Kun Yee has resigned as Executive Director of the Company with effect from 1 June 2018.

Save as disclosed as above, the Group had no material events after the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 March 2018, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies apart from the corporate reorganisation in relation to the Listing as disclosed in the Prospectus.

SIGNIFICANT INVESTMENT HELD

During the year ended 31 March 2018, the Group had no significant investment held.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group does not have other plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2018, the Group employed a total of 224 employees (including Executive Directors and Independent Non-executive Directors), as compared to a total of 230 employees as at 31 March 2017. Total staff costs which include Directors' emoluments for the year ended 31 March 2018 was approximately HK$71.3 million (year ended 31 March 2017: approximately HK$62.5 million). The salary and benefit level of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the performance of each employee.

The emoluments of the Directors of the Company are decided by the Board after recommendation from the Remuneration Committee of the Company, having considered the factors such as the Group's financial performance and the individual performance of the Directors, etc.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme are set out in note 33 to the consolidated financial statements.

During the year ended 31 March 2018, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS AND USE OF PROCEEDS

The net proceeds of the share offer received by the Company in relation to the Listing on 20 October 2017 and full exercise of the over-allotment option on 7 November 2017 were approximately HK$103.9 million in aggregate, after deducting listing related expenses. The Board consider that these proceeds are intended to be applied in accordance with the proposed application set out in the paragraph headed "Future plans and use of proceeds" in the Prospectus. The table below sets out the proposed applications of the net proceeds and usage as at 31 March 2018:

	Planned use of net proceeds HK$' million	Actual usage up to 31 March 2018 HK$' million	Unutilised amount as at 31 March 2018 HK$' million
Acquire new machinery and equipment	40.6	11.0	29.6
Reserve more capital to satisfy the potential requirement for surety bond	31.3	7.9	23.4
Strengthen the manpower	23.1	1.9	21.2
General working capital	8.9	8.9	–
	103.9	29.7	74.2

The 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 industry.

The unutilised amounts of the net proceeds from the Listing will be applied in the manner consistent with that mentioned in the Prospectus. The unutilised amount had been deposited with licensed banks in Hong Kong.

FINAL DIVIDEND

The Board has resolved not to recommend the declaration of final dividend to shareholders of the Company for the year ended 31 March 2018.

FUTURE PROSPECTS

The Hong Kong Government remain focus on Hong Kong's land supply for private and residential housing and commercial buildings. Therefore, the Group remains positive with the construction industry in Hong Kong even we are facing keen competition in the industry and increase in the cost of production. The Group will continue to focus on our competitive edge and maintain our competitive position in the market.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. LI Cheuk Kam (李灼金) ("Mr. Li"), aged 51, was appointed as the Chairman of the Group on 13 March 2017. He is one of the controlling shareholders, a chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. Mr. Li is the founder of our Group. He is also a director of each and every wholly-owned subsidiary of the Group.

Mr. Li has over 30 years of experience in the construction industry in Hong Kong. He is primarily responsible for the overall business development strategy and for overseeing day-to-day management of site operations of our Group. Mr. Li is the father of Mr. Li Kun Yee, our Executive Director, and the brother of Mr. Li Wai Fong, our Executive Director. For Mr. Li's interest in the Shares within the meaning of Part XY of the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**"), please refer to the section headed "Report of the Directors" in this report.

Mr. LI Kun Yee (李濯宜) ("Mr. Li KY"), aged 27, was appointed as an Executive Director on 25 May 2017 and resigned with effect from 1 June 2018. He was primarily responsible for the overall management and for overseeing and monitoring of projects of our Group. Mr. Li KY completed his secondary education in Canada in May 2010. Mr. Li KY joined our Group and worked as a foreman in November 2014. He was promoted to the position of site supervisor in May 2015 and further promoted as an Assistant General Manager in January 2017.

Mr. Li KY is the son of Mr. Li, the chairman of the Board, chief executive officer and Executive Director and the nephew of Mr. Li Wai Fong, our Executive Director.

Mr. LI Wai Fong (李偉芳) ("Mr. Li WF"), aged 43, was appointed as an Executive Director on 25 May 2017. He joined our Group as the Administration Manager in May 2014 and is primarily responsible for overseeing the administration matters of our Group.

Mr. Li WF obtained a Bachelor of Engineering Degree majoring in Automation in June 1999. Mr. Li WF has near 20 years of experience in management and sales and marketing. Mr. Li WF is the brother of Mr. Li, the chairman of the Board, chief executive officer and Executive Director and the uncle of Mr. Li KY, our Executive Director.

Mr. LIAUW Hung (廖鴻) ("Mr. Liauw"), aged 39, was appointed as an Executive Director on 25 May 2017. Mr. Liauw has over 15 years of experience in the construction industry. He is primarily responsible for overseeing the project operations and technical aspects of various projects of our Group. Mr. Liauw obtained a Bachelor of Civil Engineering Degree from the University of Hong Kong in November 2001. He has been elected as a member and as a chartered professional engineer of the Engineers Australia in the Civil College in May 2005. He has also been admitted as a member of the Institution of Civil Engineers in the United Kingdom since October 2005 and registered by the Engineering Council UK as a chartered engineer since January 2006. Mr. Liauw has been admitted as a member of the Hong Kong Institution of Engineers in November 2010. He is currently registered as a registered professional engineer in Hong Kong. Mr. Liauw first joined our Group in June 2014 as a senior project manager till February 2016. He rejoined our Group as a general manager in December 2016.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WONG Chik Kong (黃植剛) ("Mr. Wong"), aged 45, was appointed as our Independent Non-executive Director on 21 September 2017. He is the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee.

Mr. Wong obtained a Higher Diploma in Architectural Studies from the City University of Hong Kong in November 1995. Mr. Wong has over 20 years of experience in the construction industry. From September 1995 to June 1996, Mr. Wong worked as an architectural assistant in John Lee Architects and Associates Limited. From June 1996 to August 2004, Mr. Wong was employed by ELE Construction Company Limited as an assistant project manager where he was primarily responsible for project planning, cost control, supervision and co-ordination with consultants and sub-contractor for demolition, slope remedial, foundation and building projects. From September 2004 to July 2005, Mr. Wong worked as a quantity surveyor and engineer in Wise Trend Engineering Limited. From August 2005 to February 2006, Mr. Wong worked as an assistant project manager in New Hall Interior Company. From March 2006 to November 2006, Mr. Wong worked as a quantity surveyor and engineer in Wise Trend Engineering Limited and was then transferred to Wise Trend Construction & Engineering Limited as an assistant project manager and quantity surveyor in December 2006. Mr. Wong subsequently joined AVT Design Contracting Limited in September 2011 as a project director. He has been working for the company since then. Also, Mr. Wong has been a director of AVT Engineering Limited since November 2015 where he was primarily responsible for project management, cost control and supervision.

Mr. CHAN Chung Kik Lewis (陳仲戟) ("Mr. Chan"), aged 45, was appointed as our Independent Non-executive Director on 21 September 2017. He is the chairman of the Audit Committee and a member of each of the Remuneration Committee and Nomination Committee.

Mr. Chan obtained a Bachelor Degree of Commerce in Accounting from the University of Canberra in Australia in September 1997. He is currently a fellow of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. Mr. Chan has more than 20 years of experience in auditing, accounting and corporate finance.

Mr. Chan is the chief financial officer and the joint company secretaries of Denox Environmental & Technology Holdings Limited, a company listed on the Main Board (Stock Code: 1452).

Mr. Chan has also been the Independent Non-executive Director of (i) Kwan On Holdings Limited between March 2015 and September 2016, a company which was previously listed on GEM (Stock Code: 8305) and was subsequently transferred to the Main Board (Stock Code: 1559) on 15 August 2016; (ii) Shandong Xinhua Pharmaceutical Company Limited, a company listed on the Main Board (Stock Code: 719) and the Shenzhen Stock Exchange (Stock Code: 000756) since May 2014; (iii) Hong Guang Lighting Holdings Company Limited, a company listed on GEM (Stock Code: 8343) since December 2016; (iv) Founder Holdings Limited, a company listed on the Main Board (Stock Code: 418) since March 2017; and (v) Peking University Resources (Holdings) Company Limited, a company listed on the Main Board (Stock Code: 618) since March 2017.

Mr. LEE Kwok Lun (李國麟) ("Mr. Lee"), aged 34, was appointed as our Independent Non-executive Director on 21 September 2017. He is a member of each of the Audit Committee, Remuneration Committee and Nomination Committee.

Mr. Lee graduated from the University of Hertfordshire with a Bachelor of Arts Degree in Accounting in September 2006. He has been admitted a member of the Association of Chartered Certified Accountants in January 2013. Mr. Lee has been a member of the Hong Kong Institute of Certified Public Accountants since September 2013. In May 2015, Mr. Lee was admitted as practicing member of the Hong Kong Institute of Certified Public Accountants.

Mr. Lee has more than 10 years of experience in auditing and accounting. From September 2006 to February 2008, Mr. Lee held various positions in Y.K. Tsang & Co., an accounting firm, where he last served as an audit intermediate. Mr. Lee subsequently joined Chan and Chan Certified Public Accountants in March 2008 as an intermediate audit clerk. Prior to his departure in August 2009, he worked in the capacity of a semi-senior. From September 2009 to January 2014, Mr. Lee held various position in SHINEWING (HK) CPA Limited, where he last served as an assistant manager. From January 2014 to October 2014 he was employed by BDO Limited as a manager in the Assurance Department. From November 2014 to April 2015, Mr. Lee was employed by KPMG as a manager. After leaving KPMG, Mr. Lee co-founded Prism CPA Limited in December 2015 and served as its director since then. In April 2015, Mr. Lee joined Tianyi (Summi) Holdings Limited, a company listed on the Main Board (Stock Code: 756) as the company secretary and has been appointed as the chief financial officer in May 2017. Mr. Lee has also been the Independent Non-executive Director of Dragon Rise Group Holdings Limited, a company listed on the Main Board (Stock Code: 6829) on 18 January 2018.

SENIOR MANAGEMENT

Mr. LIU Dahong (劉大洪) ("Mr. Liu"), aged 54, is our quantity survey manager. He joined our Group as a quantity surveyor in May 2014 and was promoted to the current position in March 2016. He is primarily responsible for providing quantity surveying services to our Group.

Mr. Liu has over 25 years of experience in the construction industry. He joined China Southwest Geotechnical Investigation & Design Institute Co., Ltd as an assistant survey engineer in July 1984 and left the company as a survey engineer in April 1991. Thereafter, Mr. Liu joined China State Construction Engineering (Hong Kong) Limited in April 1991 as the chief surveyor and left as a deputy site manager in October 2007.

Mr. Liu has obtained a Bachelor Degree in Engineering Survey from the Nanjing Construction Engineering Institute (currently known as Nanjing Tech University) in July 1984.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Ms. LI Mei Wai (李美慧) ("Ms. Li"), aged 31, is our financial controller and company secretary. She joined our Group in January 2017, primarily responsible for financial planning, internal control, financial reporting and corporate secretarial practices of our Group.

Ms. Li obtained a Bachelor of Commerce (honours) Degree in Accountancy from the Hong Kong Baptist University in November 2010. She has been a member of the Hong Kong Institute of Certified Public Accountants since March 2014. In March 2016, Ms. Li was admitted as practising member of the Hong Kong Institute of Certified Public Accountants.

Prior to joining our Group, Ms. Li served a number of auditing positions in SHINEWING (HK) CPA Limited, an accounting firm, from October 2010 to October 2013. Subsequently, she worked as a senior associate in PricewaterhouseCoopers Ltd. from November 2013 to July 2015. From July 2015 to December 2016, Ms. Li was an assistant accounting manager at Melco International Development Limited (Stock Code: 200), a company listed on the Main Board of the Stock Exchange.

CORPORATE GOVERNANCE REPORT

The maintenance of a high standard of corporate governance has been and remains a top priority of the Group. The Group believed that effective corporate governance practices are fundamental to safeguarding and enhancing the interest of shareholders and stakeholders.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted as its own corporate governance code the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. The Company has complied with the CG Code during the period from 20 October 2017 (the "**Listing Date**") to 31 March 2018 with the exception of code provision A.2.1 as explained below.

According to code provision A.2.1 of the CG Code, the roles of the chairman of the Company (the "**Chairman**") and the chief executive officer of the Company (the "**Chief Executive Officer**") should be separate and performed by different individuals. Mr. Li Cheuk Kam is the Chairman and the Chief Executive Officer of the Company. In view of the in-depth knowledge and substantial experience of Mr. Li Cheuk Kam in the operations of the Group and his solid experience in foundation and site formation works, the Board believes it is in the best interests of the Company for Mr. Li Cheuk Kam to assume both the roles of the Chairman and the Chief Executive Officer until such time as the Board considers that such roles should be assumed by different persons.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company 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 its own code of conduct regarding securities transactions by the Directors of the Company.

Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiries by the Company, all the Directors have confirmed to the Company that they have fully complied with the required standard set out in the Model Code during the period from the Listing Date to 31 March 2018.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board is responsible for directing and supervising the Group's business and affairs. The Directors, individually and collectively, must act in good faith in the best interest of the Company and Shareholders and fulfill their fiduciary duties by applying the required level of skills, care and diligence to a standard in accordance with the statutory requirements. The Board has delegated its powers to the management for the Group's day-to-day management and operations.

Composition

The Company has complied with rules 3.10(1) and 3.10A of the Listing Rules, from the Listing Date and up to the date of this report. During the period from the Listing Date to 31 March 2018, the Board comprises seven Directors who include four Executive Directors, namely Mr. Li Cheuk Kam (Chairman of the Board), Mr. Li Kun Yee, Mr. Li Wai Fong and Mr. Liauw Hung and three Independent Non-executive Directors, namely Mr. Wong Chik Kong, Mr. Chan Chung Kik, Lewis and Mr. Lee Kwok Lun. Mr. Li Kun Yee resigned with effect from 1 June 2018.

Executive Directors

Mr. LI Cheuk Kam *(Chairman)*
Mr. LI Kun Yee (from 25 May 2017 to 31 May 2018)
Mr. LI Wai Fong
Mr. LIAUW Hung

Independent Non-executive Directors

Mr. WONG Chik Kong
Mr. CHAN Chung Kik Lewis
Mr. LEE Kwok Lun

Biographical details for each Directors and their relationship among board members are set out in the section headed "Biographical details of the Directors and Senior Management" of this report.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has signed a letter of appointment with each of the Independent Non-executive Directors for a term of three years (subject to retirement by rotation and re-election in accordance with the Articles of Association (the "**Articles**"), which may be terminated earlier by no less than one month's written notice served by either party on the other. The commencement date of each of the letter of appointment is 21 September 2017.

Each Independent Non-executive Director is required to inform the Group as soon as practicable if there is any change that may affect his independence. The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all the Independent Non-executive Directors have met the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the independence guidelines. The Company has also complied with Rule 3.10(2) of the Listing Rules as one of the Independent Non-executive Directors possesses the appropriate professional accounting qualifications and financial management expertise.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Pursuant to Article 112 of the Articles of Association of the Company, the Directors shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of members after his appointment and be subject to re-election at such meeting; and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Pursuant to Article 108(a) of the Articles, one-third of the Directors shall retire from office by rotation at each annual general meeting and that every Director shall be subject to retirement by rotation at least once every 3 years. However, a retiring Director shall be eligible for re-election.

During the period from the Listing Date to 31 March 2018, only one Board meetings has been held, the attendance record of each Director is set out below:

Directors	Attendance/ Number of Meetings
Executive Directors	
Mr. LI Cheuk Kam	1/1
Mr. LI Kun Yee (resigned with effect from 1 June 2018)	1/1
Mr. LI Wai Fong	1/1
Mr. LIAUW Hung	1/1
Independent Non-executive Directors	
Mr. WONG Chik Kong	1/1
Mr. CHAN Chung Kik Lewis	1/1
Mr. LEE Kwok Lun	1/1

Every Director has access to Board papers and related materials, and the advice and services of the company secretary of the Company (the "**Company Secretary**"), and may seek independent professional advice at the Company's expense if so reasonably required. Directors will be continuously updated on the major development of the Listing Rules and other applicable statutes, codes and regulations to ensure compliance and to upkeep good corporate governance practices.

BOARD DIVERSITY POLICY

Since the Listing Date, the Board has adopted a board diversity policy which aims to achieve a sustainable and balanced development of the Company. In designing the Board's composition, a number of factors, such as professional experiences, business perspectives, skills, knowledge, gender, age, cultural and educational background, ethnicity and length of service will be taken into consideration. All Board appointments are based on merits and competence of the selected candidates.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Newly appointed Directors will be given relevant guideline materials together with the necessary induction and training to enable them to have a proper understanding of their duties and responsibilities under the Listing Rules and the applicable laws, rules and regulations prior to their appointment. Briefings and professional development will be arranged for Directors whenever necessary. All Directors confirmed that they had participated in continuous professional development to develop and refresh their knowledge and skills and had complied with the CG Code provisions during the period from the Listing Date to 31 March 2018.

BOARD COMMITTEES

The Board has set up three Board Committees, namely the audit committee (the "**Audit Committee**"), the nomination committee (the "**Nomination Committee**") and the remuneration committee (the "**Remuneration Committee**"). The table below provides the membership information of these Committees on which each Board member serves as at the date of this Report:

	Board Committees		
Directors	Audit Committee	Nomination Committee	Remuneration Committee
Mr. LI Cheuk Kam	–	C	M
Mr. LI Wai Fong	–	–	–
Mr. LIAUW Hung	–	–	–
Mr. WONG Chik Kong	M	M	C
Mr. CHAN Chung Kik Lewis	C	M	M
Mr. LEE Kwok Lun	M	M	M

Notes:

C — Chairman of the relevant Committee
M — Member of the relevant Committee

Mr. Li KY has resigned as an Executive Director of the Company with effect from 1 June 2018. Prior to his resignation, Mr. Li KY did not hold any position in the Audit Committee, Nomination Committee and Remuneration Committee.

AUDIT COMMITTEE

The Company has established an Audit Committee on 21 September 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The primary duties of the Audit Committee are to review the financial information of the Group, to oversee the Group's financial reporting system and the internal control and risk management procedures, to monitor the independence and objectivity of the external auditor and to provide advice and comments to the Board on matters related to corporate governance.

The Audit Committee consists of three members who are all Independent Non-executive Directors, namely, Mr. Chan Chung Kik Lewis, Mr. Wong Chik Kong and Mr. Lee Kwok Lun. Mr. Chan Chung Kik Lewis is the Chairman of the Audit Committee.

The Audit Committee has reviewed the consolidated interim report for the six-month period ended 30 September 2017 and the audited consolidated financial statement of the Group for the year ended 31 March 2018. The Audit Committee is satisfied that these financial statements have been prepared in accordance with applicable accounting standards and requirements.

The Audit Committee held one meeting during the period from the Listing Date to 31 March 2018 and has reviewed, and recommended to the Board for approval of the Company's interim financial statements for the six-month period ended 30 September 2017. The individual attendance record of each member at the meeting of Audit Committee is set out below:

Subsequent to the year ended 31 March 2018, the Audit Committee held one meeting and have reviewed and recommended to the Board for approval of the Company's audited financial statements for the year ended 31 March 2018.

The attendance record of each member at the meeting of the Audit Committee is set out below:

Directors	Attendance/ Number of Meetings
Mr. CHAN Chung Kik Lewis	2/2
Mr. WONG Chik Kong	2/2
Mr. LEE Kwok Lun	2/2

NOMINATION COMMITTEE

The Company has established a Nomination Committee on 21 September 2017 with its written terms of reference in compliance with paragraph A.5.2 of the CG Code. The primary duties of the Nomination Committee include reviewing the independence of the Independent Non-executive Directors, considering the qualifications of the retiring Directors standing for election at the annual general meetings, and reviewing the structure, size and composition of the Board.

In identifying and nominating Directors and making recommendations to the Board on appointment and re-appointment of Directors, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity.

The Nomination Committee consists of one Executive Director, namely Mr. Li Cheuk Kam and three Independent Non-executive Directors, namely, Mr. Chan Chung Kik Lewis, Mr. Wong Chik Kong and Mr. Lee Kwok Lun. Mr. Li Cheuk Kam is the Chairman of the Nomination Committee.

From the Listing Date to 31 March 2018, the Nomination Committee did not hold any meeting. Subsequent to the year ended 31 March 2018, the Nomination Committee held a meeting to (i) review the structure, size and diversity of the Board; (ii) assess the independence of the independent non-executive Directors; and (iii) recommend to the Board for consideration the re-election of all the retiring Directors at the 2018 annual general meeting.

Directors	Attendance/ Number of Meetings
Mr. LI Cheuk Kam	1/1
Mr. WONG Chik Kong	1/1
Mr. CHAN Chung Kik Lewis	1/1
Mr. LEE Kwok Lun	1/1

REMUNERATION COMMITTEE

The Company established a Remuneration Committee on 21 September 2017 with written terms of reference in compliance with paragraph B.1 of the CG Code. The primary duties of the Remuneration Committee are to make recommendations on the remuneration of our Company's senior management and members of the Board, such as formulating and making recommendations to the Board on the remuneration policy, determining the specific remuneration packages of all Executive Directors and senior management and making recommendations to the Board of the remuneration of Independent Non-executive Directors.

The Remuneration Committee consists of one Executive Director, namely Mr. Li Cheuk Kam and three Independent Non-executive Directors, namely, Mr. Chan Chung Kik Lewis, Mr. Wong Chik Kong and Mr. Lee Kwok Lun. Mr. Wong Chik Kong is the Chairman of the Remuneration Committee.

The Remuneration Committee held one meeting during the period from the Listing Date to 31 March 2018 and the individual attendance record of each member of the Remuneration Committee is set out below:

Directors	Attendance/ Number of Meetings
Mr. WONG Chik Kong	1/1
Mr. LI Cheuk Kam	1/1
Mr. CHAN Chung Kik Lewis	1/1
Mr. LEE Kwok Lun	1/1

COMPANY SECRETARY

Ms. Li Mei Wai was appointed as the Company Secretary on 25 May 2017. She was admitted as a practising member of the Hong Kong Institute of Certified Public Accountants in March 2016. She is also the Company's financial controller. During the period from the Listing Date to 31 March 2018, she has undertaken not less than 15 hours of relevant professional training in accordance with Rule 3.29 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility in preparing the consolidated financial statements of the Group for the year ended 31 March 2018. The Board is 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, the Board therefore continues to adopt the going concern approach in preparing the consolidated financial statements of the Group. The statement of the independent auditor of the Company about their reporting responsibilities to the financial statements are set out in the Independent Auditor's Report of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROLS SYSTEM

The Board has overall responsibilities for maintaining an adequate risk management and internal control system to safeguard the Group's assets, to ensure the maintenance of proper accounting records and compliance with applicable laws, rules and regulations.

The department heads of the Group have identified, evaluated significant risks and confirmed to the management of the Group that appropriate internal control policies and procedures have been established and properly complied with during the period from the Listing Date to 31 March 2018. All the findings and material issues have been summarised to the Board and the Audit Committee for review. The Audit Committee will report to the Board on any material issues and makes recommendations to the Board.

The Group has established guidelines and procedures for the approval and control of expenditures, for safeguarding assets against unauthorised use or disposition, for ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and for ensuring compliance with applicable law, rules and regulations. These policies and procedures provide a reasonable assurance that material misstatements or losses are prevented, potential interruption of the Group's management system is detected, and risks existing in the course of arriving at the Group's objectives are properly managed.

During the period from the Listing Date to 31 March 2018, the Company has engaged an external independent consulting firm to perform the internal audit function and to review the effectiveness and efficiency of the Group's risk management and internal controls systems. The recommendations put forwarded by the consultant have already been implemented in stages by the Group to further enhance its internal control and risk management policies, procedures and practices. The Board considered that the Group's risk management and internal control systems are effective during the period from the Listing Date to 31 March 2018.

The Group has conducted a review to assess whether there is a need for an internal audit department. Given the Group's relatively simple corporate and operation structure, the Board, supported by the Audit Committee, concluded that a separate internal audit department is not required for the time being.

AUDITOR'S REMUNERATION

During the year ended 31 March 2018, the remuneration paid or payable to the Company's auditor, SHINEWING (HK) CPA Limited, and its affiliated firms, in respect of their audit and non-audit services was as follows:

Directors	Service Fee HK$'000
Audit services	750
Non-audit services:	
— Reporting Accountant in relation to the Listing	2,450
— Review for interim report	150
— Others*	706
Total	4,056

* Including services provided by SHINEWING (HK) CPA Limited's affiliated firms.

DIRECTORS AND OFFICERS INSURANCE

Appropriate insurance covers on Directors' liabilities have been in force to protect the Directors and officers of the Group from their risk exposure from the business of the Group since the Listing Date.

INSIDE INFORMATION POLICY

The Group have complied with the requirements of Securities and Futures Ordinance ("**SFO**") and the Listing Rules regarding inside information during the period from the Listing Date to 31 March 2018. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the "safe harbours" as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures that the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements is not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene General Meeting

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

Extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary by mail at Room 3404A, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisition(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Putting Forward Proposal at Shareholder's Meeting

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

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

Procedures by which Enquiries may be out to the Board

Shareholders are welcomed to send their enquiries to the Board, such enquiries can be addressed to the Company Secretary in writing by post to the Company's principal place of business in Hong Kong at Room 3404A, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong or by email at info@wingchiholdings.com.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

The Company adopted an amended memorandum and articles of association of the Company (the "Constitutional Documents") on 19 October 2017 and effective upon the Listing. A copy of the Company's updated Constitutional Document is available on the websites of the Company and the Stock Exchange. Since the Listing Date and up to the date of this report, there are no changes to the constitutional documents of the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This is the first Environmental, Social and Governance Report (the "**ESG Report**") published by the Group. This report has prepared in accordance with the "Environmental, Social and Governance Reporting Guide" (the "**ESG Reporting Guide**") contained in Appendix 27 of the Rules Governing the Listing of Securities on Stock Exchange. The scope of this report focuses on the environmental and social performance of the core business activities in foundation and site formation works of the Group in Hong Kong.

The information published in the ESG report covers the period from 1 April 2017 to 31 March 2018 (the "**Reporting Period**").

STAKEHOLDER ENGAGEMENT

Maintaining open and honest relationships with stakeholders is one of the keys to sustainable development at the Group. Continuous communication with our stakeholders enables us to make informed decisions and to accurately assess the potential impacts of our business decisions. The table below shows list of the Group's stakeholders, as well as our efforts in communication and response.

Stakeholder Groups	Specific Stakeholders	Methods of Communication
Investors	• Shareholders	➢ Corporate website ➢ Annual and interim financial report ➢ Annual general meeting ➢ Disclosure of listing information
Employees	• Senior Management • Staff • Potential recruits	➢ Training, seminars ➢ Face-to-face meetings ➢ Independent focus groups and interviews ➢ CSR and volunteering activities
Customers	• Main-contractors • Buyers • Ultimate users	➢ Customer assessment ➢ Progress meeting ➢ Designated customer hotline
Suppliers/Contractors	• Material suppliers • Transportation providers • Sub-contractors	➢ Supplier assessment ➢ Daily work review ➢ Site inspection ➢ Monthly progress meeting
Government	• National and local governments • Regulators	➢ Written correspondence
Community	• National and local community organisation	➢ Industrial dinner ➢ Seminar ➢ CSR activities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ANALYSIS

As part of our response to the issues that are critical to the Group and significant to our stakeholders, we have engaged an external independent consulting firm to conduct a materiality assessment on the Group's Corporate Social Responsibility ("**CSR**") agenda. By so doing, we are able to identify the areas for improvement in our CSR work, and ensure a more comprehensive, transparent and specific response, thereby enhancing the quality of the annual report.

PROTECTING THE ENVIRONMENT

Emission Control

Climate change and environmental pollution poses unprecedented challenges to global economic development. With a view to mitigating the risk of global climate change, the Group commits to conducting its business in an environmentally responsible manner.

Due to the nature of our business, emissions and wastes are generated from multiple sources in our daily operations. In honour of our commitment to the environment, the Group puts great emphasis on improving our environmental practices by minimising greenhouse gas ("**GHG**") emissions and waste generations, maximising resource efficiency and reducing environmental impacts from our operations.

To better protect the environment, the Environmental Management System of the Group was accredited by Fugro Certification Services Limited with ISO14001:2015 certification. Throughout our operations, we have carried out a number of green initiatives to reduce emissions and waste, enhance resource efficiency and minimise our environmental footprint.

At offices, we have implemented some eco-friendly actions such as paper-less meetings, switching off lighting and appliances during lunch hours and maintaining indoor temperature at an environmentally-friendly level. At our construction sites, regular maintenance is conducted for all vehicles and machineries to ensure their functionality and prolong their useful life. Dust suppression measures may include but not limited to thorough cleaning of all vehicles to remove any dusty materials from its body and wheels before leaving the site, and regular sprinkling of water on the main transport routes to mitigate dust pollution to the air.

In Hong Kong, the Air Pollution Control Ordinance is the principal legislation for controlling emission of air pollutants and noxious odour from construction, industrial activities and other polluting sources. Subsidiary regulations of the Air Pollution Control Ordinance impose control on air pollutant emissions from certain operations through the issue of licenses and permits. The Group is fully committed to complying with the Air Pollution Control Ordinance and its subsidiary regulations.

Air emissions during the reporting period:

Aspects	Unit	2017/18
Emissions data from vehicles		
Nitrogen Oxide (NO_x)	kg	766.97
Sulphur Oxide (SO_x)	kg	0.93
Particulate Matter (PM)	kg	56.20

GHG emissions during the reporting period:

Aspects		Unit	2017/18
Direct GHG emissions (Scope 1)			
From mobile combustion sources	CO_2	tonne	151.39
	CH_4	kg	171.93
	N_2O	tonne	5.90
Indirect GHG Emissions (Scope 2)			
Electricity supplied by China Light & Power		tonne	11.70

Improving Resource Efficiency

Water Efficiency Management

The Group strives to improve water-use efficiency in our operations and reduce wastewater generation and discharge. We have strengthened our construction site management and have taken measure to raise the awareness of our staff in environmental protection and water pollution. Control measures such as construction of adequate drainage channels, catchpits, siltation traps and sedimentation tanks; protection of drainage systems and discharge points to avoid blockages and regular self-monitoring checks to ensure the quality of the effluent discharged meets the prescribed standard, are being introduced in our construction sites.

In order to reduce wastewater discharge, certain construction wastewater on site is collected and reused in cleaning and dust suppression, alleviating dust generation from construction and demolition activities.

Under the Water Pollution Control Ordinance ("**WPCO**"), Cap. 358, discharge of polluted water into stormwater drains is not permitted. We firmly comply with this ordinance and ensure that the wastewater discharged from our construction activities into sewers or elsewhere is in compliance with the terms and conditions of the licence issued by the Environmental Protection Department ("**EPD**").

Energy conservation

In maximising energy efficiency, we have initiated a series of measures to enhance energy performance. In the office, we encourage the usage of electronic devices throughout our daily operations and take active measures to upgrade our electronic document management system. We set the air-conditioning temperatures at an environment-friendly level during summer months. All employees are told to switch off lighting and air-conditioning if not in use. At construction sites, regular maintenance of construction plants and equipment are conducted to improve its efficiency. Our teams are also encouraged to switch off idle plants and machinery, to avoid energy wastage.

Resources consumption during the reporting period:

Aspects	Unit	2017/18
Electricity consumption	kWh	18,579
Per employee	kWh	82.94

Environmental and Natural Resources

Every procedure in construction works can cause potential adverse impact to the surrounding environment. The Group strives to minimise adverse impact on the environment through identifying potential negative impact in each operating activity and implementing corresponding control measures. To raise awareness of environmental protection, written policies are posted at head office and site offices as reminder, so that an ethos of environmental protection is implanted into all business operations.

Noise Control

Due to our business nature, noise control has been our primary concern since our establishment. According to the Environmental Impact Assessment Ordinance, the noise standards for daytime construction activities should be 75 decibels for all domestic premises and 70 decibels for educational institutions. Before the commencement of a project, our site management staff is responsible to communicate with the local communities about the project nature and duration in the hope of getting their understanding. To tackle the challenge of minimising the noise to the surrounding environment, we have introduced sound insulation fabric or board at our construction sites.

Waste Disposal Management

Depending on the size and nature of construction projects, differentiate environmental protection policies and plans have been set up. To identify and resolve any non-compliance as soon as possible, we conduct periodic construction works inspections at sites with high environmental risks, covering dust control, and disposal of sewage and construction waste. The Group also provides experienced personnel with adequate training to ensure strict implementation of such these measures.

With the enactment of the Construction Waste Disposal Charging Scheme through the Waste Disposal Ordinance, Cap. 354, we are committed to dispose waste only at legitimate disposal facilities, or through licensed collectors who collect and dispose of waste. Simultaneously, we keep on developing any possible reuse and recycling scheme that allows us to divert our construction waste from the waste stream back to the construction cycle.

Non-hazardous waste disposal during the reporting period:

Aspects	Unit	2017/18
Non-hazardous waste produced	tonne	197,753
Per no. of construction projects during the year	tonne	4,207.52

For the year ended 31 March 2018, the Group is not aware of any cases of non-compliance with laws and regulations that have a significant adverse impact on the Group in relation to air and GHG emissions, noise control, discharges into water and onto the land, or generation of hazardous and non-hazardous waste.

EMPLOYMENT AND LABOUR PRACTICES

Employment system and well-being

We believe that our success relies on the dedication of our skilled and competent workforce. Thus, we attach paramount importance to the protection of employees' rights and interests. The construction industry has been suffering from manpower shortage for years. Accordingly, we always place emphasis for our team on attracting qualified applicants to meet future challenges by recruiting talents from different cultures and backgrounds.

In order to attract, retain and motivate our talents, we have established a comprehensive employment management system. We provide equal employment opportunities, a respectful and inclusive working environment and competitive remuneration packages as well as a wide range of support services for employees' well-being and professional career development. These packages are reviewed based on employees' performance and reference to prevailing market conditions, and are adjusted in a timely manner to keep them in line with sector benchmarking. Performance appraisals are conducted annually to assess employees performance for their reference. Employees who have achieved outstanding results in the annual performance appraisal are given priority in the process of promotion. Through management meetings and performance assessments, we established groups conservations through instant messengers to maintain regular communication with our employees. At all times, employees at all levels are welcomed to share their perceptions of the Group with the management to help building harmonious labour relations for the common development of the Group and employees. In the hope of promoting a healthy lifestyle and work-life balance, a series of family-friendly recreational activities are organised periodically.

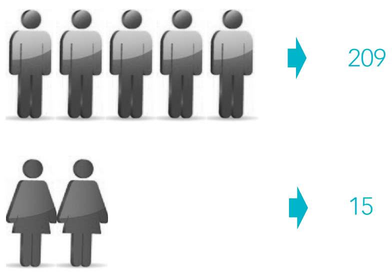
Adhering to the principle of equal opportunities. the Group treats talents in a fair, open and just manner and strictly follows non-discrimination employment legislation and policies, include but not limited to the provisions of the Sex Discrimination Ordinance, the Race Discrimination Ordinance, the Disability Discrimination Ordinance and the Family Status Crimination Ordinance, and prohibits the employment of forced or child labour. To protect employees' legitimate rights and interests, the Group abides strictly by the employment laws of the regions where it operates, including without limitation the Employment Ordinance, Cap. 57, Laws of Hong Kong.

As at 31 March 2018, the Group employed a total of 224 employees, including back office staff and site staff. All our staff members are located in Hong Kong.

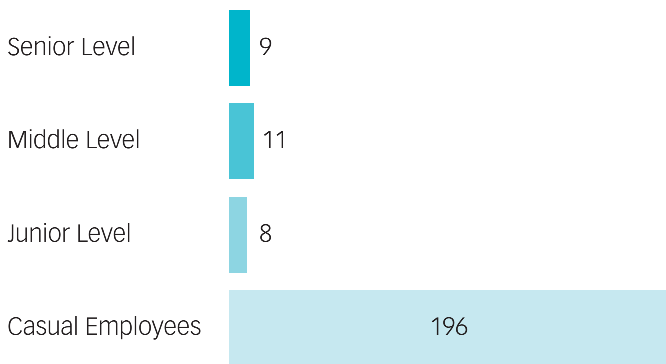
For the year ended 31 March 2018, the Group is not aware of any cases of non-compliance with laws and regulations that have a significant adverse impact on the Group in relation to employment and labour standards.

Staff Composition for the reporting period:

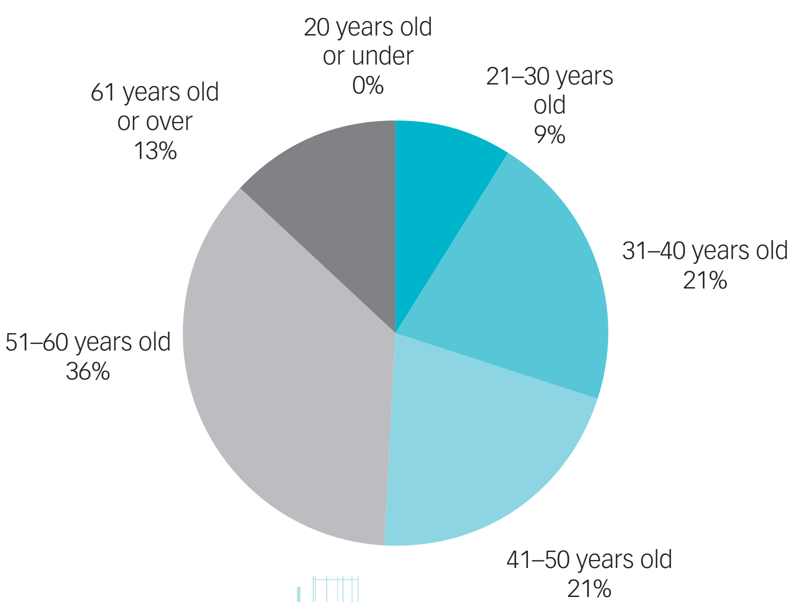
Number of Employees



Employees by Employment Category



Employees by Age Grop



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In view of the high labour mobility of the construction industry, and the fact that most of the employees in the industry are temporary employees, whose employment is on a day-to-day basis or for a fixed period of less than 60 days. Hence, those temporary employees who joined and left within the year were not constituted in our annual turnover rate calculation. During the reporting period, the Group has an employee turnover rate of around 20%.

Staff Turnover for the reporting period:

Aspects	No. of People	Rate
By Gender		
Male	5	18%
Female	2	25%
By Age Group		
20 years old or under	0	0%
21–30 years old	1	11%
31–40 years old	4	27%
41–50 years old	2	25%
51–60 years old	0	0%
61 years old or over	0	0%
By Geographical Region		
Hong Kong	7	100%

Employee Health and Safety

Due to the nature of the construction business, occupational health and safety is always a major concern to us. Hence, we place great emphasis on safeguarding workplace health and safety and endeavour to provide our employees and subcontractors with a safe and health work environment. Across our business operations, we comply strictly with the Occupational Safety and Health Ordinance, Cap. 509, and the Factories and Industrial Undertakings Ordinance, Cap. 59, under the Laws of Hong Kong.

In respect of occupational health and safety management, the Group has formulated an Occupational Health and Safety Management System that is certified against recognised international standards such as the OHSAS18001:2007, by the Fugro Certification Services Limited. Our Occupational Health and Safety Manual and Work Instructions standardises safety requirements and procedures, and it is supplemented with instructions for our employees. The Group mandates strict implementation of the manuals for identification, assessment, control and monitoring of safety risks.

To enhance occupational, health and safety areas, we implemented safety measures which include provision of adequate personal protection equipment such as helmets and ear protectors to all workers on sites. We established emergency procedures and educated our employees when facing emergencies situation such as fires, typhoons, landslides and heavy rainstorms.

In addition, the Group conducts analysis to identify the hazard severity, likelihood of harm and the degree of risk involved for all critical work activities and carries out various forms of intensive safety inspection, such as regular inspections, inspections at high-risk construction sites and inspections of high-risk work procedures accordingly. In the course of inspections, on-site foremen and site supervisors will cooperate with safety officers to ensure any breaches or unsafe conditions are rectified promptly. In cases mishap causes are identified, appropriate recommendations and training sessions will be provided to enable workers to avoid recurrence.

As an acknowledgement of our efforts in occupational health and safety management, a number of our staff were awarded the title as "the Best Safety Worker and Safe Management Team" by the main contractor in one of our construction projects during the year. Look to the future, we will continuously make every effort to meet the target of zero fatal accident and reduce the accident rate to less than 10% per 1,000 workers.

Work Injury Statistics for the reporting period

Number of work-related fatalities	No. of people	0
Rate of work-related fatalities	Percentage	0%
Number of reported accidents (sick leave >3 days)	Case	12
Lost days due to work injury	Day	404

For the year ended 31 March 2018, the Group is not aware of or has not found any health and safety irregularities at its offices and construction sites, and there were no work-related fatalities.

Development and Training

The Group regards employee development as an important part of the Group's human resources strategy and is committed to actualising the potential and value of the employees and fully support their growth and development. On-the-job training, professional skills training and managerial training are provided for employees at all working levels. To continuously attract new talent, we also provide enhanced training programme and education subsidies to encourage our employees to undertake continuous learning and broaden their knowledge.

During the year, different types of training have been provided according to different needs of the employees. The Group organised training programme which were conducted by experienced staff, external organisations or consultants, such as Hong Kong St. John Ambulance, the Construction Industry Council and the Vocational Training Council. Our employees participated in internal and external training courses, including those concerned with construction safety and environmental management, professional skills operation training and emergency awareness.

Employees trained during the reporting period:

Aspects	Rate	Average Training Hours Per Employee
By Gender		
Male	8%	1.86
Female	13%	3.31
By Employment Category		
Senior Level	89%	14.40
Middle Level	27%	6.73
Junior Level	50%	12.88
Casual Employees	3%	0.67

OPERATION MANAGEMENT

Supply Chain Management

The Group deals with a wide range of business associates who include sub-contractors, suppliers and service providers across our footprint in our business operations. The Group is devoted to pursue high project quality, and our business associates play a crucial role in this process. In addition to stringent internal controls and regular assessment. We maintain high standards for all aspects of operations and works with partners to build a sustainable supply chain.

We adhere to fair and transparent operating practices through our extensive procurement arrangements, which set out procedures for supplier and subcontractor selection and assessment as well as the criteria that should be taken into account. When selecting suppliers, the Group takes into account, quality, lead time, past safety performance and after-sales service capability are our major concerns. Certainly, we also consider whether our sub-contractors or suppliers follow the environmental standards from the Environmental Protection Department, which they are formally notified and required to comply with. Any sub-contractors or suppliers with unsatisfactory performance may be removed from our pre-approved list of suppliers.

In our daily operations, procurement from local suppliers is normally our priority so as to reduce our carbon footprint and transportation costs. During the reporting period, all of our suppliers are located in Hong Kong.

Product Responsibility

By providing quality and reliable products and services, the Group works to maintain high levels of customer satisfaction and foster mutually beneficial relationships with customers.

Assessed and certified by the Fugro Certification Services Limited, our quality management systems, which govern our daily operations for quality control and improvement, had met the accreditation requirement of ISO9001:2015 standards. Through effective application of the system, the Group endeavours to maintain consistent high qualities in its projects.

The Group gives priority to information security to protect both internal information and client privacy. To ensure information security, the Group has established guidelines for handling confidential or special information provided by customers, employees and business associates. To ensure information security, the Group has established guidelines for handling confidential or special information provided by customers, employees and business associates. For example, data is categorised hierarchically, and access rights are only granted to authorised personnel. All confidential and special information is subject to strict requirements of non-disclosure agreement signed with customers or sub-contractors.

For the year ended 31 March 2018, there is no compliant received from customers regarding our services and the Group is not aware of any cases of non-compliance with laws and regulations that have a significant impact on the Group in relation to data privacy laws and regulations, such as the Personal Data (Privacy) Ordinance.

Anti-Corruption

The Group always adopts the attitude of "zero tolerance" towards unlawful acts such as bribery, extortion, fraud and money laundering. As a responsible business entity, we uphold high ethical standards and are committed to conducting business in an honest and ethical way with integrity. Our stringent anti-corruption principles are transmitted to our employees through verbal reminders, induction and compliance training. Standardised rules and guidelines in handling a range of situations such as gifts-givings, entertainment and financial management are specified in our Staff Handbook. For instance, employees are prohibited from accepting or offering gifts or services from or to our customers, suppliers or any person who has business dealings of any kind with the Group. Falsifying documents and furnishing false accounting records, receipts or invoices are also strictly prohibited. In addition, separate reporting channels have been established to encourage the employees to confidentially report to the senior management any irregularities.

The Group strictly abides by the anti-corruption laws and regulations, and prohibits all behaviours that may be suspected of corruption and bribery.

In order to strengthen our control over integrity management, the Group is committed to continuously formulating measures for reporting violations, and to strengthening the reporting channels with a view to build a corruption-fee organisational culture.

For the year ended 31 March 2018, the Group did not receive any notice of non-compliance brought against the Group or its employees in relation to anti-corruption laws and regulations, such as the Prevention of Bribery Ordinance, Cap. 201, Laws of Hong Kong.

Caring for the Community

Caring for community is a value shared by the Group and our employees. We understand that construction activities can cause adverse impact on neighbouring communities. In our construction sites, we are dedicated to minimising negative impact by adopting mitigation measures, such as constructing noise and dust barriers, and continuously communicating with local communities to carry out public relation management.

Community Involvement

In addition to our commitment to community wellness and conservation, the Group also pays close attention to vulnerable groups and engages our employees in social services to provide support to those in need in the society. During the year, the Group has participated in a "Poon Choi" banquet for the elderly to show our care and gratitude to the society. We also actively encourage our employees to participate in volunteering activities to serve the community.

PERFORMANCE SUMMARY

Environmental Performance

Air Emissions	Unit	2017/18
Nitrogen Oxide (NO_X)	kg	766.97
Sulphur Oxide (SO_X)	kg	0.93
Particulate Matter (PM)	kg	56.20

Greenhouse Gases Emissions	Unit	2017/18
Direct GHG Emissions (Scope 1)	tonne	157.46
Indirect GHG Emissions (Scope 2)	tonne	11.70

Waste Disposal	Unit	2017/18
Non-hazardous waste produced	tonne	197.753
Per no. of construction projects during the year	tonne	4,207.52

Energy Consumption	Unit	Volume
Electricity consumption	kWh	18,579
Per employee	kWh	82.79

Social Performance — Employment and Labour

	Unit	2017/18
Total Workforce by Gender		
Male	No. of people	209
Female	No. of people	15
Total Workforce by Age Group		
20 years old or under	No. of people	0
21–30 years old	No. of people	19
31–40 years old	No. of people	48
41–50 years old	No. of people	47
51–60 years old	No. of people	80
61 years old or over	No. of people	30
Total Workforce by Geographical Region		
Hong Kong	No. of people	224
Total Workforce by Employee Category		
Senior Level	No. of people	9
Middle Level	No. of people	11
Junior Level	No. of people	8
Casual Employees	No. of people	196
Employees Trained by Gender		
Male	Rate	8%
Female	Rate	13%
Employees Trained by Employment Category		
Senior Level	Rate	89%
Middle Level	Rate	27%
Junior Level	Rate	50%
Casual Employees	Rate	3%
Average Training Hours Completed by Gender		
Male	hour	1.86
Female	hour	3.31
Average Training Hours Completed by Employee Category		
Senior Level	hour	14.40
Middle Level	hour	6.73
Junior Level	hour	12.88
Casual Employees	hour	0.67

Social Performance — Employment and Labour (Continued)

	No. of People	Rate
Employee Turnover by Gender		
Male	5	18%
Female	2	25%
Employee Turnover by Age Group		
20 years old or under	0	0%
21–30 years old	1	11%
31–40 years old	4	27%
41–50 years old	2	25%
51–60 years old	0	0%
61 years old or over	0	0%
Employee Turnover by Geographical Region		
Hong Kong	7	100%

Occupational Health and Safety	Unit	2017/18
Number of work-related fatalities	No. of People	0
Rate of Work-related fatalities	Percentage	0%
Number of reported accidents (sick leave > 3 days)	Case	12
Lost days due to work injury	Days	404

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTENT INDEX

This report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" under Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The following table provides an overview on the general disclosures and key performance indicators ("KPIs") of various aspects under each subject area, which are either cross-referenced to the relevant chapters of the Review or supplementing the Review with additional information.

Description		Reference	Remark
ENVIRONMENTAL			
Aspect A1: EMISSIONS			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Protecting the Environment	
KPI A1.1	The types of emissions and respective emissions data	Performance Summary	
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions Control	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)		We do not generate hazardous waste in our operations
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Environmental and Natural Resources	

Description		Reference	Remark
KPI A1.5	Description of measures to mitigate emissions and results achieved	Emissions Control	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Environmental and Natural Resources	
Aspect A2: USE OF RESOURCES			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Protecting the Environment	
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Performance Summary	
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Performance Summary	
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Improving Resource Efficiency	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Improving Resource Efficiency	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced		We do not generate significant packaging material waste in our operations

Description		Reference	Remark
Aspect A3: THE ENVIRONMENT AND NATURAL RESOURCES			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	Protecting the Environment	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Environmental and Natural Resources	
EMPLOYMENT AND LABOUR PRACTICES			
Aspect B1: EMPLOYMENT			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Employment and Labour Practices	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Performance Summary	
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Performance Summary	

Description		Reference	Remark
Aspect B2: HEALTH AND SAFETY			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Employment and Labour Practices	
KPI B2.1	Number and rate of work-related fatalities	Performance Summary	
KPI B2.2	Lost days due to work Injury	Performance Summary	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Employment and Labour Practices	
Aspect B3: DEVELOPMENT AND TRAINING			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Employment and Labour Practices	
KPI B3.1	The percentage of employees trained by gender and employee category	Performance Summary	
KPI B3.2	The average training hours completed per employee by gender and employee category	Performance Summary	

Description		Reference	Remark
Aspect B4: LABOUR STANDARDS			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Employment and Labour Practices	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Employment and Labour Practices	The child and forced labour issues are not material to our operations.
KPI B4.2	Description of step taken to eliminate such practices when discovered	Employment and Labour Practices	The child and forced labour issues are not material to our operations.
Aspect B5: SUPPLY CHAIN MANAGEMENT			
General Disclosure	Policies on managing environmental and social risks of the supply chain	Operation Management	
KPI B5.1	Number of suppliers by geographical region	Supply Chain Management	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Supply Chain Management	

Description		Reference	Remark
Aspect B6: PRODUCT RESPONSIBILITY			
General Disclosure	Information on:(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Operation Management	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.		There were no recalls concerning the provision.
KPI B6.2	Number of products and service related complaints received and how they are dealt with		There were no validated complaints received during the reporting period.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Product Responsibilities	Intellectual property rights are not material to our operations.
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibilities	Recall procedures are not relevant to our operations.
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Product Responsibilities	

Description		Reference	Remark
Aspect B7: ANTI-CORRUPTION			
General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Operation Management	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Anti-Corruption	There were no non-compliance cases regarding corrupt practices brought against the Group or its employees during the reporting period.
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Anti-Corruption	
Aspect B8: COMMUNITY INVESTMENT			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Caring for the Community	
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Caring for the Community	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	Caring for the Community	

REPORT OF THE DIRECTORS

The directors of the Company (the "**Directors**") presents to the shareholders their annual report together with the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company while the principal subsidiaries are principally engaged in the provision of foundation and site formation works and machinery leasing. Details of the principal activities of its subsidiaries are set out in notes 1 and 35 to the consolidated financial statements. There was no significant change in the Group's principal activities during the year ended 31 March 2018.

BUSINESS REVIEW

A review on the Group's business for the year ended 31 March 2018 is set out under the section headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 3 to 10 of this report.

A discussion and analysis of the Group's performance during the Reporting Period and the material factor underlying its financial performance and financial position are set out in the "Four Years Financial Summary" on page 112 and in the "Management Discussion and Analysis" on pages 4 to 10 in this report.

RESULTS AND DIVIDENDS

During the Reporting Period, no interim dividend (2017: nil) has been declared and paid.

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

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividend.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands on 13 March 2017.

In preparation for the Listing, the Group underwent a reorganisation, details of the reorganisation are set out in the section headed "History, Development and Group Structure" in the Prospectus.

The Company's shares were listed on the Main Board of the Stock Exchange with effect from 20 October 2017.

RELATIONSHIP WITH KEY STAKEHOLDERS

The Directors are of the view that our employees, customers, sub-contractors and suppliers are the keys to the sustainable development of the Group. The Group strive to achieve corporate sustainability through engaging employees, providing quality products and services to our customers, collaborating with suppliers to deliver quality sustainable products and services and supporting our community.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties of the Group during the Reported Period, is set out under the subsection headed "Risks and Uncertainties" on page 7 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 58 of this annual report.

REPORT OF THE DIRECTORS

ANNUAL GENERAL MEETING ("AGM")

The 2018 AGM will be held on Friday,10 August 2018. The notice of the AGM will be published and dispatched to shareholders of the Company in the manner as required by the Listing Rules and the articles of association of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held on Friday, 10 August 2018. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 7 August 2018 to Friday, 10 August 2018 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the above annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 6 August 2018.

PLANT AND EQUIPMENT

Details of movements in plant and equipment of the Group during the year ended 31 March 2018 are set out in note 16 to the consolidated financial statements in this annual report.

DONATION

During the Reporting Period, the Group has made HK$1 million charitable donation (2017: nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets and liabilities of the Group for the last four financial years are set out on page 112 of this annual report.

SHARE CAPITAL

Details of movement in the Company's share capital during the year ended 31 March 2018 are set out in note 26 to the consolidated financial statements in this annual report.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 March 2018 are set out in the consolidated statement of changes in equity on page 60 of this annual report.

As at 31 March 2018, the Group had retained profit amounted to approximately HK$82.6 million available for distribution to the Company's shareholders.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements have been entered into during the year ended 31 March 2018 or subsisted at the end of the reporting period.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

The shares of the Company were listed on the Stock Exchange on 20 October 2017. Since the Listing Date and up to the year ended 31 March 2018, except for the full exercise of over-allotment option on 7 November 2017 by the Company, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities. Details of the full exercise of the over-allotment option are set out in the announcement of the Company dated 7 November 2017.

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY PROVISION

Pursuant to the memorandum and articles of association of the Company, the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in the execution of their duties in their offices. Since the Listing Date, the Company has arranged appropriate Directors' and Officers' liability insurance coverage for all Directors and senior management of the Company.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 21 September 2017. The principal terms of the Share Option Scheme is summarised in Appendix V to the Prospectus. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 21 September 2017, and there is no outstanding share option as at 31 March 2018. Details of the share option scheme of the Group are set out in note 33 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

The Company has not entered into any equity-linked arrangement during the Reporting Period.

DIRECTORS

The Directors who held office during the year ended 31 March 2018 and up to the date of this report were:

Executive Directors

Mr. Li Cheuk Kam (Appointed on 13 March 2017)
Mr. Li Kun Yee (Resigned with effect from 1 June 2018)
Mr. Li Wai Fong (Appointed on 25 May 2017)
Mr. Liauw Hung (Appointed on 25 May 2017)

Independent Non-Executive Directors ("INEDs")

Mr. Wong Chik Kong (Appointed on 21 September 2017)
Mr. Chan Chung Kik Lewis (Appointed on 21 September 2017)
Mr. Lee Kwok Lun (Appointed on 21 September 2017)

The appointment and re-election of Directors are set out in the subsection headed "Appointment and Re-election of Directors" in this annual report.

The Directors' biographical details are set out in the section headed "Biographical Details of the Directors and Senior Management" in this annual report.

Information regarding Directors' emoluments and the five highest paid individual's remuneration is set out in note 12 and note 13 respectively to the consolidated financial statements of this annual report. An annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules has been received from each of the INEDs. The Group considers all INEDs to be independent under the Listing Rules.

DIRECTORS' SERVICE CONTRACT

Each of the Executive Directors has entered into a service contract with the Company for an initial fixed term of three years commencing from the Listing Date until terminated by not less than three months' notice in writing served by either party.

Each of the INEDs has entered into a letter of appointment with the Company for an initial term of service commencing from the Listing Date and shall continue thereafter subject to a maximum of three years unless terminated by either party giving not less than one month's notice in writing.

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

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company has been entered into or existed during the year ended 31 March 2018.

DIRECTORS'/CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent companies was a party and in which a Director or controlling shareholders of the Company and the Director's connected party had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective associates (as defined in the Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group since the Listing Date and up to 31 March 2018.

NON-COMPETITION UNDERTAKING

The controlling shareholders have entered into a deed on non-competition dated 21 September 2017 in favour of the Company (for itself and as trustee for each of the subsidiaries of the Group) (the "**Deed of Non-competition**"). Each of the controlling shareholders has made an annual declaration to the Company that since the Listing Date and up to 31 March 2018, he/it has complied with the terms of non-competition undertakings (the "**Non-Competition Undertakings**") given in favour of the Company. The INEDs have also reviewed the status of compliance by each of the controlling shareholders with the undertakings stipulated in the Non-Competition Undertakings and have confirmed that, as far as the INEDs can ascertain, there is no breach of any of such undertakings.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2018, the interests and long positions in the Shares, underlying Shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Mode Code**") in Appendix 10 to the Listing Rules are as follows:

(i) Long position in the Shares

Name	Capacity/nature	Total number of Shares	Percentage of Shares in issued
Mr. Li Cheuk Kam	Interest in a controlled corporation (Note)	675,000,000	72.29%

Note: The 675,000,000 Shares are held by Colourfield Global Limited ("**Colourfield Global**"). Mr. Li Cheuk Kam beneficially owns 100% of the entire issued share capital of Colourfield Global and is deemed, or taken to be, interested in all the Shares held by Colourfield Global for the purposes of the SFO. Mr. Li Cheuk Kam is the director of Colourfield Global.

(ii) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/Nature	Total number of Shares	Percentage of Shares in issued
Mr. Li Cheuk Kam	Colourfield Global	Beneficial owner (Note)	5	100%

Note: Mr. Li Cheuk Kam beneficially owns 100% of the entire issued share capital of Colourfield Global, and he is deemed or taken to be interested in all the shares in Colourfield Global for the purposes of the SFO. Mr. Li Cheuk Kam is the director of Colourfield Global.

(iii) Short position

As at 31 March 2018, none of the Directors nor chief executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2018, so far as it is known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporations or individuals (other than a Director or chief executive of the Company) who had or were deemed or taken to have an interest or short position in the Shares and 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, as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long position in the Shares of the Company

Name	Capacity/nature	Total number of Shares	Percentage of Shares in issued
Colourfield Global	Beneficial owner (Note 1)	675,000,000	72.29%
Ms. Chau Man Chun	Interest of spouse (Note 2)	675,000,000	72.29%

Notes:

1. 675,000,000 Shares were beneficially owned by Colourfield Global, which is wholly owned by Mr. Li Cheuk Kam.

2. Ms. Chau Man Chun is the spouse of Mr. Li Cheuk Kam and is deemed or taken to be interested in all the Shares in which Mr. Li Cheuk Kam has, or is deemed to have, an interest for the purposes of the SFO.

Save as disclosed above, as at 31 March 2018, the Directors are not aware of any other corporation or individual (other than a Director or the chief executive of the Company) who had, or were deemed or taken to have, any interests or short positions in any Shares or underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report, no transaction, arrangement or contracts of significance to which the Company or any of its subsidiaries and the controlling shareholders was a party and in which a Director had a material interest subsisted during and at the end of the year ended 31 March 2018.

DIRECTORS' RIGHT TO ACQUIRE SHRES OR DEBENTURES

Save for the Share Option Scheme of the Company, at no time during the Reporting Period was the Company, its or any of its holding companies or any of its subsidiaries a party to any arrangement to enable the Directors and the Chief Executive (including their spouses and children under 18 years of age) to hold any interests or short positions in the shares, or underlying shares, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

MAJOR CUSTOMERS AND SUPPLIERS

The approximate percentages of revenue and cost of services during the year ended 31 March 2018 attributable to the Group's major customers and suppliers are as follows:

Revenue

— the largest customer	50.7%
— five largest customers	90.4%

Purchase

— the largest supplier	25.8%
— five largest suppliers	56.2%

None of the Directors, their close associates or any shareholders (which to the knowledge of the Directors who owned more than 5% of the Company's share capital) had any interest in the top five largest customers nor suppliers during the year ended 31 March 2018.

KEY PERFORMANCE INDICATORS

The following table sets forth key performance indicators of the Group as at the dates or for the years indicated:

	As at or for the year ended 31 March	
	2018	2017
Current Ratio (Note 1)	**4.6**	2.0
Gearing ratio (Note 2)	**3.3%**	21.3%
Return on total assets (Note 3)	**4.6%**	19.8%
Return on equity (Note 4)	**5.8%**	33.1%
Interest coverage (Note 5)	**32.0**	35.9

Notes:

1. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of each reporting period.

2. Gearing ratio is calculated based on the total debts (defined as the sum of the amounts due to a director, bank borrowings and obligations under finance leases) divided by the total equity as at the end of each reporting period and multiplied by 100%.

3. Return on total assets is calculated by the profit attributable to owners of our Company for the year divided by the total assets as at the end of each reporting period and multiplied by 100%.

4. Return on equity is calculated by the profit attributable to owners of our Company for the year divided by the total equity as at the end of each reporting period and multiplied by 100%.

5. Interest coverage is calculated by the profit before interest and tax divided by the interest for the respective year.

Current ratio

The Group's current ratio increased from 2.0 times as at 31 March 2017 to 4.6 times as at 31 March 2018. Such increase was primarily due to the increase in cash and cash equivalents resulting from cash received in Listing and increase in amounts due from customers for contract work for the year ended 31 March 2018.

Gearing ratio

The Group's gearing ratio decreased from 21.3% as at 31 March 2017 to 3.3% as at 31 March 2018. The decrease was primarily due to repayment of borrowings and amounts due to a Director for the year ended 31 March 2018.

Return on total assets and return on equity

The Group's return on total assets decreased from 19.8% as at 31 March 2017 to 4.6% as at 31 March 2018 and return on equity decreased from 33.1% as at 31 March 2017 to 5.8% as at 31 March 2018 respectively. Such decrease was primarily due to the decrease in profit for the year ended 31 March 2018 resulting from the one-off listing expenses of approximately HK$16.4 million was recognised for the year ended 31 March 2018.

Interest coverage

The Group's interest coverage from 35.9 times as at 31 March 2017 to 32.0 times as at 31 March 2018. Such decrease was primarily due to repayment of borrowings during the year ended 31 March 2018.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions as disclosed in note 30 to the consolidated financial statements of this annual report, and none of which constitute a disclosable connected transaction as defined under the Listing Rules.

SUBSIDIARIES

Details of the subsidiaries of the Company are set out in note 35 to the consolidated financial statements.

MARKET CAPITALISATION

As at 31 March 2018, the market capitalisation of the listed securities of the Company was approximately HK$606,937,500 based on the total number of 933,750,000 issued shares of the Company and the closing price of HK$0.65 per share.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued shares are held by the public as at the date of this annual report.

RETIREMENT SCHEME

The Group participates in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). Save as the aforesaid, the Group did not participate in any other pension schemes for the year ended 31 March 2018.

REPORT OF THE DIRECTORS

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee comprises three INEDs, namely, Mr. Chan Chung Kik Lewis, Mr. Wong Chik Kong and Mr. Lee Kwok Lun. The Audit Committee has reviewed the audited financial statements for the year ended 31 March 2018 in conjunction with the Company's auditors and management and has also discussed auditing, risk management, internal control and financial reporting matters including accounting practices and principles adopted by the Group.

INDEPENDENT AUDITOR

The consolidated financial statements for the year ended 31 March 2018 have been audited by SHINEWING (HK) CPA Limited, who will retire and, being eligible, offer themselves for reappointment at the forthcoming annual general meeting of the Company.

CORPORATE GOVERNANCE CODE

Information on the corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on page 15 to 23 in this report.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Directors and management are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operations of the Group during the Reporting Period.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company recognizes its responsibility to protect the environment from its business activities. The Company is committed to the sustainable development of the environment and our society. The Group has endeavoured to comply with the laws and regulations regarding environmental protection and adopted effective environmental practices to ensure that our business meet the required standards and ethics in respect of environmental protection. Information on environmental policies and performance of the Group are set out in the section headed "Environment, Social and Governance Report" on page 24 to 43 in this report.

By Order of the Board
Wing Chi Holdings Limited
Li Cheuk Kam
Chairman
Hong Kong, 15 June 2018

INDEPENDENT AUDITOR'S REPORT

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

To the Members of
WING CHI HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Wing Chi Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") set out on pages 58 to 111, 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 (the "**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.

Key audit matters identified in our audit are summarised as follows:

- Accounting for construction contracts
- Impairment of amounts due from customers for contract work, trade receivables and retention receivables

Accounting for construction contracts

Refer to notes 7 to the consolidated financial statements and the accounting policies on pages 75.

The key audit matter	How the matter was addressed in our audit
The Group assessed the appropriate contract revenue and margin recognised from construction contracts according to the management's considerable judgement which in turn affecting the recognition of amounts due from (to) customers for contract work and trade receivables. Revenue and margin are recognised based on the stage of completion of individual contract. Stage of completion was determined on the revenue certified by customers. Estimation of proper margin involves the assessment of the completeness and accuracy of forecasted costs to complete. Significant judgment is involved in relation to the assessment of total outcome and stage of completion and is therefore considered as a key audit matter.	We have tested revenue recognised under Hong Kong Accounting Standard 11 "Construction Contracts" during the reporting period to ensure the Group's accounting policy on construction contracts is in accordance with the standard. We have assessed whether the construction revenue recognised was reasonable through the inspection the certificate of completion stage issued by customers. We have assessed whether the construction costs recognised was reasonable through critically challenged the forecasted costs to complete, contract costs, and the completeness and validity of provisions arising from customer disputes. We have assessed reliability of management's assessment in budgeted costs by considering the historical actual costs and estimation of budgeted costs of completed projects.

Impairment of amounts due from customers for contract work, trade receivables and retention receivables

Refer to notes 18 and 19 to the consolidated financial statements and the accounting policies on pages 72–73 and 75.

The key audit matter	How the matter was addressed in our audit
As at 31 March 2018, the Group has amounts due from customers for contract work, trade receivables and retention receivables derived from construction contracts of approximately HK$83,030,000, HK$11,984,000 and HK$26,204,000 respectively. We have identified the impairment of amounts due from customers for contract work, trade receivables and retention receivables as a key audit matter because the assessment of the impairment requires a high level of management judgement and because of its significance to the consolidated financial statements.	Our procedures were designed to obtain and review the management's assessment of indicators for impairment of amounts due from customers for contract work, trade receivables and retention receivables. We have discussed the indicators of possible impairment with the management and have challenged the reasonableness of the methods used by the management by taking into consideration of ageing analysis, creditworthiness of each customer, progress billings during the year, cash received and subsequent progress billings after the end of the reporting period.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, other than 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

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

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

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

Audit Committee is 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 of the Company.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Conclude on the appropriateness of the Company's 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 audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 this independent auditor's report is Mr. Chan Wing Kit.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Chan Wing Kit
Practising Certificate Number: P03224

Hong Kong
15 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	7	**535,507**	380,657
Cost of sales		**(481,009)**	(334,315)
Gross profit		**54,498**	46,342
Other income	8	**1,409**	1,704
Administrative expenses		**(38,199)**	(17,655)
Finance costs	9	**(554)**	(847)
Profit before taxation		**17,154**	29,544
Income tax expense	10	**(5,165)**	(6,161)
Profit and total comprehensive income for the year	11	**11,989**	23,383
Earnings per share:			
Basic and diluted	15	**1.5 cents**	3.5 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	NOTES	2018 HK$'000	2017 HK$'000
Non-current assets			
Plant and equipment	16	**24,902**	23,914
Investment property	17	**6,930**	6,300
Deposits paid for acquisition of plant and equipment		**2,222**	–
		34,054	30,214
Current assets			
Amounts due from customers for contract work	18	**83,030**	35,452
Trade and other receivables	19	**43,215**	31,213
Restricted bank deposits	20	**10,869**	–
Bank balances and cash	20	**89,496**	21,328
		226,610	87,993
Current liabilities			
Amounts due to customers for contract work	18	**1,793**	3,416
Trade and other payables	21	**41,887**	23,507
Amount due to a director	22	**–**	1,059
Bank borrowings	23	**2,461**	12,147
Obligations under finance leases — due within one year	24	**1,868**	735
Tax payable		**1,084**	4,100
		49,093	44,964
Net current assets		**177,517**	43,029
Total assets less current liabilities		**211,571**	73,243
Non-current liabilities			
Obligations under finance leases — due after one year	24	**2,454**	1,085
Deferred tax liabilities	25	**1,598**	1,559
		4,052	2,644
		207,519	70,599
Capital and reserves			
Share capital	26	**9,338**	–
Reserves		**198,181**	70,599
		207,519	70,599

The consolidated financial statements on pages 58 to 111 were approved and authorised for issue by the board of directors on 15 June 2018 and are signed on its behalf by:

Li Cheuk Kam
Director

Li Wai Fong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Share capital HK$'000	Share Premium HK$'000	Merger reserve (Note) HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2016	10	–	–	47,206	47,216
Profit and total comprehensive income for the year	–	–	–	23,383	23,383
Arising from reorganisation of the Group	(10)	–	10	–	–
At 31 March 2017 and 1 April 2017	–	–	10	70,589	70,599
Profit and total comprehensive income for the year	–	–	–	11,989	11,989
Capitalisation issue of shares (note 26d)	6,750	(6,750)	–	–	–
Issue of ordinary shares in connection with the share offer of the Company (note 26e)	2,250	114,750	–	–	117,000
Issue of ordinary shares in connection with the exercise of over-allotment options (note 26f)	338	17,212	–	–	17,550
Share issue expenses	–	(9,619)	–	–	(9,619)
At 31 March 2018	9,338	115,593	10	82,578	207,519

Note:

Merger reserve represented the difference between the nominal value of the shares issued by the Company and the amount of issued share capital of the subsidiaries acquired pursuant to the group reorganisation.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**17,154**	29,544
Adjustments for:		
Bank interest income	**(153)**	–
Finance costs	**554**	847
Gain on disposal of plant and equipment	**(136)**	(1,346)
(Gain) loss on revaluation of investment property	**(630)**	90
Government subsidy	**(249)**	(178)
Depreciation of plant and equipment	**9,127**	8,814
Operating cash flows before movements in working capital	**25,667**	37,771
Increase in amounts due from customers for contract work	**(47,578)**	(11,657)
Decrease in amounts due to customers for contract work	**(1,623)**	(4,445)
(Increase) decrease in trade and other receivables	**(12,002)**	5,407
Increase in trade and other payables	**18,380**	9,363
Increase in restricted bank deposits	**(10,869)**	–
Cash (used in) generated from operations	**(28,025)**	36,439
Income taxes paid	**(8,142)**	(2,559)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	**(36,167)**	33,880
INVESTING ACTIVITIES		
Purchase of plant and equipment	**(10,209)**	(11,905)
Deposits paid for acquisition of plant and equipment	**(2,222)**	–
Proceeds from disposal of plant and equipment	**1,430**	3,095
Government subsidy received	**249**	178
Interest received	**153**	–
Purchase of investment property	**–**	(3,990)
NET CASH USED IN INVESTING ACTIVITIES	**(10,599)**	(12,622)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares in connection with the share offer of the Company	**117,000**	–
Proceeds from issue of ordinary shares in connection with the exercise of over-allotment options	**17,550**	–
Share issue expenses	**(9,619)**	–
Repayments of bank borrowings	**(5,836)**	(10,127)
Repayments of obligations under finance leases	**(2,548)**	(3,120)
Repayments to a director	**(1,059)**	(7,946)
Interest paid	**(554)**	(847)
New bank borrowings raised	**–**	12,108
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**114,934**	(9,932)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**68,168**	11,326
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**21,328**	10,002
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	**89,496**	21,328

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Wing Chi Holdings Limited (the "**Company**") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 13 March 2017. Its share are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its ultimate holding company and immediate holding company is Colourfield Global Limited, a limited company incorporated in the British Virgin Islands ("**BVI**"). Its ultimate controlling party is Mr. Li Cheuk Kam (the "**Controlling Shareholder**"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

The Company is an investment holding company, while the principal subsidiaries are principally engaged in the provision of foundation and site formation works and machineries leasing.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**").

Pursuant to the reorganisation as set out in the section headed "History, Development and Group Structure" in the prospectus of the Company dated 30 September 2017 (the "**Reorganisation**"), the Company became the holding company of the companies now comprising the Group on 31 March 2017. The Group has been under the common control of and beneficially owned by the Controlling Shareholder, throughout the period from 1 April 2016 or since their respective dates of incorporation or establishment up to 31 March 2017. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group has been prepared and presented on the basis as if the Company had always been the holding company of the companies now comprising the Group throughout the year ended 31 March 2017, by using the principles of merger accounting with reference to the Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as set out in note 3 below.

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

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

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

New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 19	Employee Benefits[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK (IFRIC) Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC) Int 23	Uncertainty over Income Tax Treatments[2]

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

The directors of the Company anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

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

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 9 (2014) Financial Instruments (Continued)

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKFRS 9 (2014) 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

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

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 9 (2014) Financial Instruments (Continued)

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company has performed a preliminary analysis of the Group's financial instruments as at 31 March 2018 based on the fact and circumstances existing at that date. The directors of the Company have assessed the impact of adoption of HKFRS 9 (2014) on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures, as follows:

(a) Classification and measurement

The directors of the Company expect to continue recognising initially at fair value for all financial assets which are subsequently measured at amortised costs. The directors of the Company anticipate that the adoption of HKFRS 9 (2014) will not have a material impact on the classification and measurement of the financial assets.

(b) Impairment

The directors of the Company expect to apply the simplified approach and record lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The application of the expected credit loss model may result in earlier recognition of credit losses for trade and other receivables and increase the amount of impairment allowance recognised for these items.

The directors of the Company will perform a more detailed analysis which considers all reasonable and supportable information for the estimation of the effect of adoption of HKFRS 9 (2014). Based on the preliminary assessment, the directors of the Company expect that the adoption of HKFRS 9 (2014) will not have other material impact on amounts reported in the Group's consolidated financial statements.

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

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 15 Revenue from Contracts with Customers

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. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

(i) Identify the contract with the customer;

(ii) Identify the performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations; and

(v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows 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.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The major sources of revenue of the Group are construction contracts and rental income. Under HKFRS 15, revenue is recognised for each of the performance obligations when control over a good or service is transferred to a customer. The directors of the Company have preliminarily assessed each type of the performance obligations and consider that the performance obligations are similar to the current identification of separate revenue components under HKAS 18 Revenue. Furthermore, HKFRS 15 requires the transaction price to be allocated to each performance obligation on a relative stand-alone selling price basis, which may affect the timing and amounts of revenue recognition, and results in more disclosures in the consolidated financial statements. However, the directors of the Company expect that the adoption of HKFRS 15 will not have a material impact on the timing and amounts of revenue recognised based on the existing business model of the Group as at 31 March 2018.

In respect of the construction contracts, the directors of the Company have considered the guidance of HKFRS 15 on contract combination, contract modifications, variable consideration and the existence of significant financing component in the contracts. The directors of the Company have assessed that revenue from these construction contracts will be recognised over time during the course of construction. Furthermore, the directors of the Company have considered that the output method currently used to measure the progress towards complete satisfaction of these performance obligations appropriately depicts the performance under the contracts and will continue to be applied under HKFRS 15. The directors of the Company expect that the adoption of HKFRS 15 will not have material impact on amounts reported in the Group's consolidated financial statements.

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

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 *Property, Plant and Equipment*, while interest accrual on lease liability will be charged to profit or loss.

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

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 will become effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 *Revenue from Contracts* with Customers at or before the date of initial application of HKFRS 16.

As at 31 March 2018, the Group has non-cancellable operating lease commitments of HK$20,000 as disclosed in note 28. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in the measurement, presentation and disclosure as indicated above. The directors of the Company are in the process to determine the amounts of right-of-use assets and lease liabilities to be recognised in the consolidated statement of financial position, after taking into account all practical expedients and recognition exemption under HKFRS 16. The directors of the Company expect that the adoption of HKFRS 16 will not have material impact on the Group's result but certain portion of these lease commitments and new lease commitment in future will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs 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 by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment property that are measured at fair value.

Historical cost is generally based on the 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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries).

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Company reassesses whether 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 of the subsidiary and ceases when the Group loses control of the subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Income and expenses of subsidiaries 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.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

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

Merger accounting for business combination involving entities under common control

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

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period unless the combining entities or businesses first came under common control at a later date.

Investment property

Investment property is property held to earn rentals and/or for capital appreciation.

Investment property is initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is measured at its fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

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 assets over their estimated useful lives, using the straight-line method. The estimated useful lives 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities 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 classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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 and other receivables, restricted bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment loss (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets 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 financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

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

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period of 15–60 days (2017: 15–60 days), observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, 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 and other 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 trade and other receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment loss on financial assets (Continued)

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

Financial liabilities and equity instruments

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

The Group's financial liabilities are classified as other financial liabilities.

Other financial liabilities

Other financial liabilities including trade and other payables, amount due to a director, bank borrowings and obligations under finance leases are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Equity instruments

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

Derecognition

A financial asset is derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash, as defined above.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible 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 of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services rendered in the normal course of business.

The Group's policy for recognition of revenue from foundation and site formation works is described in the accounting policy headed "Construction contracts" below.

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract work is recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the gross billing value of contracting work can be measured reliably. The stage of completion of a contract is established according to the progress certificate (by reference to the amount of completed works confirmed by surveyor) issued by the customers. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

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

The Group as lessor

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

Employee benefits

Retirement benefits cost

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

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment property that is measured using the fair value model, the carrying amount of such property is presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Company reviewed the Group's investment property portfolios and concluded that none of the Group's investment property is held under a business model whose objective is to consume substantially all of the economic benefits embodied in investment property over time, rather than through sale. Therefore, the directors of the Company have determined that the "sale" presumption set out in the amendments to HKAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment property as the Group is not subject to any income taxes on the fair value changes of the investment property on disposal.

Current and deferred tax are recognised in profit or loss.

Fair value measurement

When measuring fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable .

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated 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 estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Construction contracts revenue recognition

Revenue recognition on a project is dependent on management's estimation of the total outcome of the construction contracts, with reference to the progress certificate issued by the customers. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders, prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgeted construction costs by comparing the budgeted amounts to the actual costs incurred.

Significant judgement is required in estimating the contract revenue, contract costs and variation work which may have an impact on percentage of completion of the construction contracts and the corresponding profit takes.

Management base their judgements of contract costs and revenues on the latest available information, which includes detailed contract valuations. In many cases the results reflect the expected outcome of long-term contractual obligations which spend more than one reporting period. Contract costs and revenues are affected by a variety of uncertainties are resolved. The estimates of contract costs and revenues are updated regularly and significant changes are highlighted through established internal review procedures. In particular, the internal reviews focus on the timing and recognition of payments and the age and recoverability of any disagreed income from variations to the contract scope or claims. The impact of the changes in accounting estimated is then reflected in the ongoing results.

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

Construction contracts revenue recognition (Continued)

Deferred taxation on investment property

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment property that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment property is not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment property, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any income taxes on disposal of its investment property.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives involve management's estimation. The Group assesses annually the useful lives of the plant and equipment and if the expectation differs from the original estimates, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

Estimated impairment of trade receivables and retention receivables

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience and any specific customer collection issues that it has been identified. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers. As at 31 March 2018, the carrying amounts of trade receivable and retention receivables are approximately HK$11,984,000 (2017: HK$12,505,000) and HK$26,204,000 (2017: HK$16,202,000), respectively. No impairment loss was recognised as at 31 March 2018 (2017: nil).

Estimated impairment of amounts due from customers for contract works

The Group performs ongoing evaluation of its work progress and adjusts recognised work progress based on past experience of uncompromised billings, variances in work progress agreed with customers. The Group continuously monitors the working progress of each project and negotiates with its customers and maintains a provision for estimated losses based upon its historical experience and any specific billing issues that it has been identified. As at 31 March 2018, the carrying amounts of amounts due from customers for contract work is approximately HK$83,030,000 (2017: HK$35,452,000). No impairment loss was recognised as at 31 March 2018 (2017: nil).

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

Construction contracts revenue recognition (Continued)

Fair value of investment property

Investment property is stated at fair value based on the valuation performed by independent professional valuer. In determining the fair value, the valuer have based on a method of valuation which involves certain estimated of market conditions. In relying on the valuation report, the directors of the Company have exercised their estimation and are satisfied that the assumptions used in valuation have reflected the current market conditions. Changes to these assumptions would result in changes in the fair value of the Group's investment property being recognised in profit or loss. The carrying amounts of investment property measured at fair value at 31 March 2018 is approximately HK$6,930,000 (2017: HK$6,300,000).

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of bank borrowings disclosed in note 23, obligations under finance leases disclosed in note 24, net of restricted bank deposits and bank balances and cash disclosed in note 20, and equity attributable to the owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and the issue of new borrowings or the redemption of existing borrowings.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2018 **HK$'000**	2017 HK$'000
Financial assets		
Loans and receivables (including bank balances and cash)	**139,324**	50,334
Financial liabilities		
Financial liabilities at amortised cost	**48,651**	38,533

Financial risk management objectives and policies

The Group's major financial assets and financial liabilities include trade and other receivables, restricted bank deposits, bank balances and cash, trade and other payables, amount due to a director, bank borrowings and obligations under finance leases. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to its fixed-rate bank borrowings (see note 23) and fixed-rate obligations under finance leases (see note 24). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is also exposed to cash flow interest rate risk in relation to its variable-rate bank balances (see note 20) and variable-rate bank borrowings (see note 23). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of the HKD Prime lending rate (the "Prime rate") arising from the Group's Hong Kong dollar denominated bank borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure of the Group's variable-rate for bank balances and variable-rate bank borrowings to interest rates at the end of the reporting period. The analysis is prepared assuming that the financial instruments outstanding as at 31 March 2018 was outstanding for the whole reporting period. A 50 basis points (2017: 50 basis points) increase or decrease is used for the year ended 31 March 2018 when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2017: 50 basis points) higher/lower for the year ended 31 March 2018 and all other variables were held constant, the Group's post-tax profit would decrease/increase by approximately HK$9,000 (2017: HK$19,000) for the year ended 31 March 2018. This is mainly attributable to the Group's exposure to interest rates on its variable-rate-bank borrowings.

Credit risk

As at 31 March 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

As at 31 March 2018, the Group does not have any concentration of credit risk in respect of the total trade receivables due from the Group's largest customer (2017: 62%) while 49% (2017: 82%) of the total trade receivables was due from the Group's five largest customers.

The Group's concentration of credit risk by geographical locations is in Hong Kong, which accounted for 100% (2017: 100%) of the total trade receivables as at 31 March 2018.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, the Group relies on bank borrowings as a significant source of liquidity and the management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

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 within one year after the reporting date. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows.

	At 31 March 2018				
	On demand or within 1 year HK$'000	1–2 years HK$'000	2–5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities					
Trade and other payables	41,868	–	–	41,868	41,868
Bank borrowings (Note)	2,461	–	–	2,461	2,461
Obligations under finance leases	2,030	1,957	575	4,562	4,322
	46,359	1,957	575	48,891	48,651

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	At 31 March 2017				
	On demand or within 1 year HK$'000	1–2 years HK$'000	2–5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities					
Trade and other payables	23,507	–	–	23,507	23,507
Amount due to a director	1,059	–	–	1,059	1,059
Bank borrowings (Note)	12,147	–	–	12,147	12,147
Obligations under finance leases	798	557	577	1,932	1,820
	37,511	557	577	38,645	38,533

Note:

Bank borrowings with a repayment on demand clause are included in the 'on demand or within 1 year' time band in the above maturity analysis. As at 31 March 2018, the aggregate undiscounted principal amounts of bank borrowings with a repayment on demand clause amounted to approximately HK$2,461,000 (2017: HK$12,147,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK$2,847,000 (2017: HK$13,214,000).

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The directors of the Company believe that the principal and interest will be repaid in accordance with the scheduled repayment dates set out in the loan agreements and the principal and interest cash outflows according to the scheduled repayment dates are set out as follows:

Liquidity table	Within 1 year HK$'000	1–2 years HK$'000	2–5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Bank borrowings						
At 31 March 2018	**494**	**192**	**576**	**1,585**	**2,847**	**2,461**
At 31 March 2017	5,200	3,560	1,615	2,839	13,214	12,147

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Fair value measurement

The directors of the Company consider that the carrying amounts of current financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values due to their immediate or short-term maturities.

The directors of the Company also consider that the carrying amounts of non-current financial liability recorded at amortised cost in the consolidated financial statements approximate to its corresponding fair values due to insignificant impact of discounting.

7. REVENUE AND SEGMENT INFORMATION

Revenue represents the revenue arising from provision of foundation and site formation works and machineries leasing for the year. An analysis of the revenue for the year is as follows:

Revenue from:	2018 HK$'000	2017 HK$'000
Foundation and site formation works	**519,064**	360,481
Machineries leasing	**16,443**	20,176
	535,507	380,657

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("**CODM**") (the directors of the Company) in order to allocate resources to segments and to assess their performance.

The Group's operating activity is attributable to a single operating segment focusing on the provision of foundation and site formation works. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRSs, that is regularly reviewed by the CODM. The CODM monitors the revenue from provision of foundation and site formation works for the purpose of making decisions about resources allocation and performance assessment. The CODM reviews the profit for the year of the Group as a whole for performance assessment. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

Geographical information

The Group's revenue from external customers presented based on the location of the operations is derived solely in Hong Kong (country of domicile). Non-current assets of the Group presented based on the location of the assets are all located in Hong Kong. As a result, geographical information has not been presented.

Information about major customers

Revenues from external customers contributing over 10% of the total revenue of the Group of the corresponding year are as follows:

	2018 HK$'000	2017 HK$'000
Customer A	**271,285**	43,578
Customer B	**100,447**	251,974
Customer C	**57,725**	N/A*

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

8. OTHER INCOME

	2018 HK$'000	2017 HK$'000
Bank interest income	**153**	–
Gain on disposal of plant and equipment	**136**	1,346
Gain on revaluation of investment property	**630**	–
Government subsidy (Note)	**249**	178
Rental income	**161**	132
Sundry income	**80**	48
	1,409	1,704

Note:

Government subsidy was received under the "Ex-gratia Payment Scheme for Phasing Out Pre-Euro IV Diesel Commercial Vehicles" upon disposal of certain motor vehicles.

9. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interests on:		
— bank borrowings	**324**	666
— obligations under finance leases	**230**	181
	554	847

10. INCOME TAX EXPENSE

	2018 HK$'000	2017 HK$'000
Current year taxation		
Hong Kong Profits Tax	**5,126**	5,594
Deferred taxation (note 25)	**39**	567
	5,165	6,161

Pursuant to the laws and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands or the BVI for the year ended 31 March 2018 (2017: nil).

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 March 2018 (2017: 16.5%). The charge for the year ended 31 March 2017 to Hong Kong Profits Tax has been relieved by approximately HK$153,000 as a result of tax losses brought forward from previous years (2018: nil).

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	**17,154**	29,544
Tax calculated at the tax rate of 16.5% (2017: 16.5%)	**2,830**	4,874
Tax effect of expenses not deductible for tax purpose	**2,456**	1,500
Tax effect of income not taxable for tax purpose	**(118)**	–
Tax effect of deductible temporary difference not recognised	**36**	–
Tax effect of tax losses not recognised	**21**	–
Utilisation of tax losses previously not recognised	**–**	(153)
Effect of tax exemption granted (Note)	**(60)**	(60)
Income tax expense for the year	**5,165**	6,161

Note:

Tax exemption represented a reduction of Hong Kong Profits Tax for the year of assessment 2017/2018 by 75% (2016/2017: 75%), subject to a ceiling of HK$30,000 (2017: HK$20,000) per company.

Details of deferred taxation are set out in note 25.

11. PROFIT FOR THE YEAR

	2018 HK$'000	2017 HK$'000
Profit for the year has been arrived at after charging:		
Directors' and chief executive's emoluments (note 12)	**2,836**	718
Staff costs (excluding directors' and chief executive's emoluments)		
— Salaries, wages, allowances and other benefits	**66,239**	59,717
— Contributions to retirement benefits scheme	**2,226**	2,042
Total staff costs	**68,465**	61,759
Auditor's remuneration	**750**	228
Depreciation of plant and equipment	**9,127**	8,814
Loss on revaluation of investment property	**–**	90
Minimum lease payments paid under operating lease in respect of rental office premises	**856**	692
Listing expenses	**16,408**	4,269

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

(a) Directors' and chief executive's emoluments

Details of emoluments paid or payable to each of the directors and chief executive of the Company are as follows:

	Year ended 31 March 2018			
	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings:				
Executive directors				
Mr. Li Cheuk Kam ("**Mr. Li**") (Note i)	–	700	18	718
Mr. Li Wai Fong (Note ii)	–	291	12	303
Mr. Li Kun Yee (Note ii, iv)	–	410	17	427
Mr. Liauw Hung (Note ii)	–	1,169	18	1,187
Independent non-executive directors				
Mr. Wong Chik Kong (Note iii)	67	–	–	67
Mr. Chan Chung Kik, Lewis (Note iii)	67	–	–	67
Mr. Lee Kwok Lun (Note iii)	67	–	–	67
	201	2,570	65	2,836

	Year ended 31 March 2017			
	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings:				
Executive director				
Mr. Li (Note i)	–	700	18	718

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Notes:

(i) Mr. Li is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

(ii) Appointed on 25 May 2017

(iii) Appointed on 21 September 2017.

(iv) Resigned on 31 May 2018.

Neither the chief executive nor any of the directors of the Company have waived or agreed to waive any emoluments during the year ended 31 March 2018 (2017: nil.).

Neither the chief executive nor any of the directors of the Company have received any inducement to join or upon joining the Group or compensation for loss of office during the year ended 31 March 2018 (2017: nil.).

13. EMPLOYEES EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2017: one) of them were the directors and/or the chief executive of the Company. The emoluments of the directors and chief executive of the Company are included in the disclosures in note 12 above. The emoluments of the remaining three (2017: four) individuals were as follows:

	2018 **HK$'000**	2017 HK$'000
Salaries, allowances and other benefits	**3,114**	2,067
Contributions to retirement benefits scheme	**52**	63
	3,166	2,130

Their emoluments were within the following bands:

	2018 **No. of employees**	2017 No. of employees
HK$ nil to HK$1,000,000	**1**	4
HK$1,000,001–1,500,000	**2**	–

None of the five highest paid individuals have received any inducement to join or upon joining the Group or compensation for loss of office during the year ended 31 March 2018 (2017: nil).

14. DIVIDENDS

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

15. EARNINGS PER SHARE

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

	2018 **HK$'000**	2017 HK$'000
Earnings:		
— Profit for the year attributable to the owners of the Company	**11,989**	23,383
Number of shares		
— Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	**789,503,425**	675,000,000

Note:

The weighted average number of ordinary shares for the purpose of basic earnings per share during the years ended 31 March 2018 and 2017 have been retrospectively adjusted for the effects of the capitalisation issue of the ordinary shares of the Company as disclosed in notes 26(a) to note 26(d).

Diluted earnings per share

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

16. PLANT AND EQUIPMENT

	Machineries and equipment HK$'000	Motor vehicles HK$'000	Leasehold improvement HK$'000	Computer equipment HK$'000	Total HK$'000
COST					
At 1 April 2016	38,579	5,908	–	–	44,487
Additions	10,874	833	169	29	11,905
Disposals	(5,143)	(494)	–	–	(5,637)
At 31 March 2017 and 1 April 2017	44,310	6,247	169	29	50,755
Additions	8,713	2,556	–	140	11,409
Disposals	(4,414)	(864)	–	–	(5,278)
At 31 March 2018	48,609	7,939	169	169	56,886
ACCUMULATED DEPRECIATION					
At 1 April 2016	20,065	1,850	–	–	21,915
Charge for the year	7,580	1,212	21	1	8,814
Eliminated on disposals	(3,667)	(221)	–	–	(3,888)
At 31 March 2017 and 1 April 2017	23,978	2,841	21	1	26,841
Charge for the year	7,883	1,131	84	29	9,127
Eliminated on disposals	(3,450)	(534)	–	–	(3,984)
At 31 March 2018	28,411	3,438	105	30	31,984
CARRYING VALUES					
At 31 March 2018	20,198	4,501	64	139	24,902
At 31 March 2017	20,332	3,406	148	28	23,914

16. PLANT AND EQUIPMENT (Continued)

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

Machineries and equipment	20% per annum
Motor vehicles	20% per annum
Leasehold improvement	Over the shorter of lease term or 2 years
Computer equipment	20% per annum

The carrying values of plant and equipment held under finance leases were as follows:

	2018 **HK$'000**	2017 HK$'000
Machineries and equipment	**4,945**	407
Motor vehicles	**369**	1,974
	5,314	2,381

17. INVESTMENT PROPERTY

	HK$'000
FAIR VALUE	
At 1 April 2016	–
Additions	6,390
Decrease in fair value recognised in profit or loss	(90)
At 31 March 2017 and 1 April 2017	6,300
Increase in fair value recognised in profit or loss	630
As at 31 March 2018	6,930

The Group's property interest held under operating lease to earn rentals or for capital appreciation purposes is measured using the fair value model and is classified and accounted for as investment property.

The fair value of the Group's investment property as at 31 March 2018 and 31 March 2017 have been arrived at on the basis of a valuation carried out on that date by Ascent Partners Valuation Service Limited, independent qualified professional valuers not connected with the Group. Ascent Partners Valuation Service Limited is a member of the Hong Kong Institute of Surveyors. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the similar locations and conditions. Details of valuation techniques and assumptions are discussed below. There has been no change from the valuation technique used in the prior year. In estimating the fair value of the property, the highest and best use of the property is its current use.

17. INVESTMENT PROPERTY (Continued)

The Group's investment property has been pledged to secure banking facilities granted to the Group.

An analysis of the Group's investment property that is measured subsequent to initial recognition at fair value grouped into fair value hierarchy level 2 based on the degree to which the inputs to fair value measurement is observable and the information about how the fair value is determined (in particular, the valuation technique and key inputs used) as follows:

	Fair value hierarchy	**Fair value as at 31 March 2018**	Fair value as at 31 March 2017	Valuation technique and key inputs
Investment Property	Level 2	**HK$6,930,000**	HK$6,300,000	Market Comparison Approach — by reference to recent selling price of comparable properties on a price per square feet basis using market data which is publicly available and adjust to reflect the conditions and locations of the property.

18. 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	**819,991**	393,344
Less: progress billings	**(738,754)**	(361,308)
	81,237	32,036
Analysed for reporting purposes as:		
Amounts due from customers for contract work	**83,030**	35,452
Amounts due to customers for contract work	**(1,793)**	(3,416)
	81,237	32,036

As at 31 March 2018, retentions held by customers for contract work amounted to approximately HK$26,204,000 (2017: HK$16,202,000) as set out in note 19. Retention monies withheld by customers for contract work will be released after the completion of the maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts.

19. TRADE AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	**11,984**	12,505
Retention receivables (Note)	**26,204**	16,202
Prepaid listing expenses	**–**	1,239
Prepayments, deposits and other receivables	**5,027**	1,267
	43,215	31,213

Note:

Except for the amounts of approximately HK$5,757,000 (2017: HK$2,005,000) as at 31 March 2018, which were expected to be recovered or settled after one year, all of the remaining balances are expected to be recovered within one year. All retention receivables are included under current assets as the Group expects to realise these within its normal operating cycle.

The Group does not hold any collateral over these balances.

The Group allows an average credit period of 15 to 60 days to its trade customers. The following is an aged analysis of trade receivables, presented based on the certified date which approximates the respective revenue recognition dates and invoice dates at the end of the reporting period:

	2018 HK$'000	2017 HK$'000
0 to 30 days	**6,064**	11,359
31 to 60 days	**807**	–
61 to 180 days	**1,243**	812
181 to 365 days	**3,536**	334
More than 365 days	**334**	–
	11,984	12,505

Trade receivables that were neither past due nor impaired related to customers that have no recent history of default payment.

19. TRADE AND OTHER RECEIVABLES (Continued)

As at 31 March 2018, included in the Group's trade receivable balances were debtors with aggregate carrying amount of approximately HK$5,920,000 (2017: HK$1,146,000) which were past due at the end of the reporting period for which the Group has not provided for impairment loss.

The directors of the Company consider that there has not been a significant change in credit quality of the relevant customers and there is no recent history of default, therefore the amounts are considered to be recoverable.

The aged analysis of trade receivables which were past due but not impaired is set out below:

	2018 **HK$'000**	2017 HK$'000
Past due:		
1 to 30 days	**807**	–
31 to 60 days	**640**	–
61 to 180 days	**645**	812
181 to 365 days	**3,494**	334
More than 365 days	**334**	–
	5,920	1,146

20. RESTRICTED BANK DEPOSITS AND BANK BALANCES AND CASH

The restricted bank deposits represented cash set aside by the Group in banks designated as surety bonds in favour of customers for due performance of the Group's obligations under a construction contract which is expected to be completed within one year. The balances are therefore classified as current assets. The amount will be released upon the completion of the respective construction project.

Bank balances carry interest at prevailing market rates of approximately 0.001% per annum (2017: 0.001% per annum) for the year ended 31 March 2018.

21. TRADE AND OTHER PAYABLES

	2018 HK$'000	2017 HK$'000
Trade payables	**18,740**	13,595
Retention payables	**12,812**	1,931
Accrued expenses and other payables	**10,335**	7,981
	41,887	23,507

Trade payables represented payables to suppliers and subcontractors. The credit terms granted by subcontractors were stipulated in the relevant contracts and the payables were usually due for settlement within 30–45 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

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

	2018 HK$'000	2017 HK$'000
0 to 30 days	**18,740**	10,443
31 to 60 days	**–**	421
61 to 90 days	**–**	2,731
	18,740	13,595

22. AMOUNT DUE TO A DIRECTOR

The amount due to a director was unsecured, interest-free and repayable on demand. The amount has been fully settled during the year ended 31 March 2018.

23. BANK BORROWINGS

	2018 HK$'000	2017 HK$'000
Secured	**2,461**	6,661
Unsecured	**–**	5,486
	2,461	12,147

23. BANK BORROWINGS (Continued)

Carrying amount repayable based on scheduled repayment dates set out in the loan agreements:

	2018 HK$'000	2017 HK$'000
Within one year	**437**	4,819
More than one year but not exceeding two years	**143**	3,372
More than two years but not exceeding five years	**451**	1,395
More than five years	**1,430**	2,561
	2,461	12,147
Carrying amount of bank borrowings that are not repayable on demand or within one year from the end of the reporting period but contain a repayment on demand clause	**2,024**	7,328
Carrying amount of bank borrowings that are repayable within one year from the end of the reporting period and contain a repayment on demand clause	**437**	4,819
	2,461	12,147
Amounts shown under current liabilities	**(2,461)**	(12,147)
Amounts shown under non-current liabilities	**–**	–

(a) As at 31 March 2018, bank borrowings of approximately HK$2,164,000 (2017: HK$4,347,000) carried at floating interest rates ranging from 2.0% below the Prime rate (2017: 2.0% to 2.8% below the Prime rate) to 0.5% to 1.5% plus the Prime rate per annum. The effective interest rate of floating rate bank borrowings during the year ended 31 March 2018 was 2.4% (2017: 2.6%) per annum.

(b) As at 31 March 2018, bank borrowings of approximately HK$297,000 (2017: HK$7,800,000) carried at fixed interest rates of 4.0% per annum (2017: 4%–9.9%). The effective interest rate of fixed rate bank borrowings during the year ended 31 March 2018 was 4.0% (2017: 4.8%) per annum.

(c) During the year ended 31 March 2017, the Group obtained new loans in the amount of HK$12,108,000 (2018: nil). The loans carried at fixed interest rates ranging from 3% to 5.3% per annum. The proceeds were mainly used to finance the acquisition of plant and equipment.

(d) As at 31 March 2018 and 2017, the banking facilities of the Group were fully utilised.

(e) As at 31 March 2018 and 2017, the banking facilities of the Group were secured by (i) the mortgage charge over the investment property of the Group, (ii) certain properties owned by Mr. Li and his spouse, Ms. Chau Man Chun ("**Mrs. Li**") which has been released during the year ended 31 March 2018, iii) certain property owned by a related company that is controlled by Mrs. Li and iv) unlimited personal guarantee provided by Mr. Li and Mrs. Li.

24. OBLIGATIONS UNDER FINANCE LEASES

	2018 HK$'000	2017 HK$'000
Analysed for reporting purposes as:		
Current liabilities	**1,868**	735
Non-current liabilities	**2,454**	1,085
	4,322	1,820

It is the Group's policy to lease certain of its machineries and motor vehicles under finance leases. The average lease term ranged from 3 to 5 years (2017: 2 to 5 years). The obligations under finance leases carried interest at a fixed rate from 3.8% to 5.2% (2017: 3.8% to 8.7%) per annum during the year ended 31 March 2018.

	Minimum lease payments		Present value of minimum lease payments	
	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000
Amounts payable under finance leases				
Within one year	**2,030**	798	**1,868**	735
More than one year but less than two years	**1,957**	557	**1,886**	521
More than two years but less than five years	**575**	577	**568**	564
	4,562	1,932	**4,322**	1,820
Less: future finance charges	**(240)**	(112)	**N/A**	N/A
Present value of obligations under finance leases	**4,322**	1,820		
Less: amount due for settlement within 12 months (shown under current liabilities)			**(1,868)**	(735)
Amount due for settlement after 12 months			**2,454**	1,085

During the year ended 31 March 2018, the Group entered into a finance lease agreement pursuant to which finance leasing suppliers purchased the machineries from the Group at approximately HK$3,850,000 (2017: nil) and the Group leased back these equipments with the lease period of 3 years (2017: nil) on the date of inception. The fixed interest rate inherent in the lease is 4.8% per annum (2017: nil).

24. OBLIGATIONS UNDER FINANCE LEASES (Continued)

In addition, during the year ended 31 March 2018, the Group leased certain machineries with the aggregate amount of approximately HK$1,200,000 (2017: nil) with the lease period ranged from 2 to 3 years (2017: nil). The fixed rate inherent in the lease is 4.8% per annum (2017: nil).

All obligations under finance leases are denominated in HK$. The Group's obligations under finance leases are secured by the lessors' charge over the leased assets (see note 16).

25. DEFERRED TAXATION

Deferred tax liabilities arising from accelerated tax depreciation recognised by the Group and movements thereon during the current and prior years ended were as follows:

	Accelerated tax depreciation HK$'000
At 1 April 2016	(992)
Charged to profit or loss (note 10)	(567)
At 31 March 2017 and 1 April 2018	(1,559)
Charged to profit or loss (note 10)	(39)
At 31 March 2018	(1,598)

At 31 March 2018, the Group has unused tax losses of approximately HK$127,000 available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

At 31 March 2018, the Group has deductible temporary differences of approximately HK$218,000 (2017: nil). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

26. SHARE CAPITAL

	Number of shares		Share capital	
	2018	2017	**2018** **HK$'000**	2017 HK$'000
Ordinary shares of HK$0.01 each				
Authorised				
At the beginning of the year	**38,000,000**	–	**380**	–
At the date of incorporation (Note a)	**–**	38,000,000	**–**	380
Increase on 21 September 2017 (Note c)	**1,962,000,000**	–	**19,620**	–
At the end of the year	**2,000,000,000**	38,000,000	**20,000**	380
Issued and fully paid				
At the beginning of the year	**1,000**	–	**–**	–
Issue of shares at the date of incorporation (Note a)	**–**	1	**–**	–
Issue as consideration for the acquisition of the issued share capital of Infinite Merit Global Limited ("**Infinite Merit**") (Note b)	**–**	999	**–**	–
Capitalisation issue of shares (Note d)	**674,999,000**	–	**6,750**	–
Issue of ordinary shares in connection with the share offer of the Company (Note e)	**225,000,000**	–	**2,250**	–
Issue of ordinary shares in connection with the exercise of over-allotment options (Note f)	**33,750,000**	–	**338**	–
At the end of the year	**933,750,000**	1,000	**9,338**	–

26. SHARE CAPITAL (Continued)

Notes:

(a) On 13 March 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. At the date of incorporation, one nil-paid ordinary share of HK$0.01 was allotted and issued.

(b) On 31 March 2017, the Company acquired the entire issued share capital of Infinite Merit by allotting and issuing 999 ordinary shares of HK$0.01 each as consideration to Colourfield Global Limited

(c) Pursuant to the special resolution in writing passed by the shareholders of the Company on 21 September 2017, the authorised share capital of the Company was increased from HK$380,000 to HK$20,000,000 by the creation of an additional 1,962,000,000 shares of HK$0.01 each.

(d) Pursuant to the special resolution in writing passed by the shareholder of the Company on 21 September 2017, it was approved to allot and issue 674,999,000 ordinary shares of HK$0.01 each to the Company's shareholder by way of capitalisation of approximately HK$6,750,000 standing to the credit of the share premium account of the Company on 19 October 2017.

(e) In connection with the Company's placing and the public offer shares on 19 October 2017, the Company issued under a share offer 225,000,000 ordinary shares of HK$0.01 each at a price of HK$0.52 per share resulting in gross proceeds amounting to HK$117,000,000, HK$2,250,000 representing the par value of the share issued credited to the Company's share capital, and approximately HK$114,750,000, before the share issue expense credited to the share premium account.

(f) On 7 November 2017, the Company issued a total of 33,750,000 ordinary shares of HK$0.01 each at a price of HK$0.52 per share as a result of exercise of the over-allotment options by the underwriter resulting in gross proceeds amounting to HK$17,550,000, approximately HK$338,000 representing the par value of the share issued credited to the Company's share capital, and approximately HK$17,212,000 credited to the share premium account.

(g) All shares issued rank pari passu with all the existing shares in all respects.

27. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs, capped at HK$1,500 per month, to the MPF Scheme, in which the contribution is matched by employees.

The total cost charged to profit or loss of approximately HK$2,291,000 (2017: HK$2,060,000) represents contributions payable to the MPF Scheme by the Group in respect of the current accounting period.

28. OPERATING LEASE COMMITMENTS

The Group as lessee

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

	2018 HK$'000	2017 HK$'000
Within one year	20	820

Operating lease payments represents rentals payable by the Group for its office premises and warehouse. Leases are negotiated and rentals are fixed for a term ranging from 1 to 2 years.

The Group as lessor

The investment property is expected to generate rental yield of 3.3% (2017: 3.8%) on an ongoing basis. The investment property held has committed tenant for the next 13 months.

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

	2018 HK$'000	2017 HK$'000
Within one year	228	121
More than one year but less than two years	19	–
Total	247	121

29. CAPITAL COMMITMENT

	2018 HK$'000	2017 HK$'000
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided for in the consolidated financial statements	5,538	1,126

30. RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in the consolidated financial statements, during the year, the Group entered into transaction with related party as follows:

Related party	NOTE	Nature of transactions	2018 HK$'000	2017 HK$'000
Easy High Investment Limited	(i)	Rental expenses	–	130

Note:

(i) Mr. Li's spouse, Ms. Chau Man Chun, is the beneficial shareholder and the director of Easy High Investment Limited.

The above transactions were conducted at terms determined on a basis mutually agreed between the Group and the related parties.

(b) Compensation of key management personnel

The remuneration of key management personnel during the years ended 31 March 2018 and 2017 are as follows:

	2018 HK$'000	2017 HK$'000
Short-term benefits	**5,453**	1,466
Post-employment benefits	**116**	42
	5,569	1,508

The remuneration of the directors of the Company and key management personnel is determined by the board of directors of the Company having regard to the performance of individuals and market trends.

31. MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 31 March 2018, the Group entered into finance lease arrangements in respect of machineries with a total capital value at the inception of the leases of approximately HK$1,200,000 (2017: nil).

(b) During the year ended 31 March 2018, the Group entered into a finance lease agreement pursuant to which finance leasing suppliers purchased the machineries from the Group at approximately HK$3,850,000 (2017: nil) and lease back these machineries to the Group on date of inception. The proceed from this sale and lease back arrangement of HK$3,850,000 were used to settle the outstanding bank borrowings to the finance leasing suppliers on behalf of the Group directly.

(c) Pursuant to the special resolution in writing passed by the shareholder of the Company on 21 September 2017, it was approved to allot and issue 674,999,000 ordinary shares of HK$0.01 each to the Company's shareholder by way of capitalisation of approximately HK$6,750,000 standing to the credit of the share premium account of the Company on 19 October 2017.

(d) During the year ended 31 March 2017, the Group financed the acquisition of an investment property with a mortgage loan of approximately HK$2,400,000 (2018: Nil).

32. CONTINGENT LIABILITIES

At 31 March 2018, the Group has been involved in a number of litigations and potential claims against the Group in relation to work-related injuries and criminal litigation.

In the opinion of the directors of the Company, the litigations and potential claims are not expected to have a material impact on the consolidated financial statements. Accordingly, no provision has been made to the consolidated financial statements.

33. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

The Company's share option scheme (the "Scheme"), was adopted pursuant to written resolution of the Company passed on 21 September 2017 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 19 October 2027. Under the Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The Company may not grant any options if the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and other schemes exceeds 30% of the shares in issue from time to time. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

The option will be offered for acceptance for a period of not less than five trading days from the date on which the option is granted. Upon acceptance of the option, directors and eligible employees shall pay HK$1.00 to the Company by way of consideration for the grant. Options may be exercised at any time from the date of grant of the share option to the tenth anniversary of the date of grant. The exercise price is determined by the board of directors of the Company, and will not be less than the highest of (i) the nominal value of the Company's share; (ii) the closing price of the Company's shares on the date of grant; and (iii) the average closing price of the shares for the five business days immediately preceding the date of grant.

No share options have been granted since the adoption of the scheme during the years ended 31 March 2018 and 2017.

34. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTE	2018 HK$'000	2017 HK$'000
Non-current asset			
Investment in subsidiaries		**74,778**	74,778
Current assets			
Trade and other receivables		**20**	1,823
Amounts due from subsidiaries		**74,615**	–
Bank balances and cash		**27,197**	–
		101,832	1,823
Current liabilities			
Trade and other payables		**1,090**	801
Amount due to a subsidiary		**–**	5,201
		1,090	6,002
Net current assets (liabilities)		**100,742**	(4,179)
Total assets less current liabilities		**175,520**	70,599
Capital and reserves			
Share capital		**9,338**	–
Reserves	(a)	**166,182**	70,599
Total equity		**175,520**	70,599

34. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note (a):

Movements in reserves

	Share Premium HK$'000	Other reserve HK$'000 (Note)	Accumulated losses HK$'000	Total HK$'000
At date of incorporation on 13 March 2017	–	–	–	–
Loss and total comprehensive expense for the year	–	–	(4,179)	(4,179)
Arising from reorganisation	–	74,778	–	74,778
At 31 March 2017 and 1 April 2017	–	74,778	(4,179)	70,599
Loss and total comprehensive expense for the year	–	–	(20,010)	(20,010)
Capitalisation issue of shares (note 26d)	(6,750)	–	–	(6,750)
Issue of ordinary shares in connection with the share offer of the Company (Note 26e)	114,750	–	–	114,750
Issue of ordinary shares in connection with the exercise of over-allotment options (note 26f)	17,212	–	–	17,212
Share issue expenses	(9,619)	–	–	(9,619)
At 31 March 2018	115,593	74,778	(24,189)	166,182

Note:

Other reserve represents the difference between the nominal value of the shares issued and the net asset value of the subsidiaries of the Company at the date of acquisition.

35. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

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

Name of company	Place of incorporation or operations	Issued and fully paid ordinary share capital	Percentage of equity interest/voting power held by the Company				Principal activities
			2018		2017		
			Direct	Indirect	Direct	Indirect	
Infinite Merit	the BVI	United State dollars ("US$") 5	100%	–	100%	–	Investment holding
Novel Sign Investment Limited	the BVI	US$1	–	100%	–	100%	Investment holding
Harvest Year Ventures Limited	the BVI	US$1	–	100%	–	100%	Investment holding
Glory Ease Ventures Limited	the BVI	US$1	–	100%	–	100%	Investment holding
Billion Talent Enterprises Limited	the BVI	US$1	–	100%	–	100%	Investment holding
Lik Shing Engineering Company Limited	Hong Kong	HK$10,000	–	100%	–	100%	Provision of foundation and site formation work and machineries leasing
Lik Shing Construction Company Limited	Hong Kong	HK$1	–	100%	–	100%	Provision of machineries leasing
Lik Shing Construction Engineering Limited	Hong Kong	HK$1	–	100%	–	100%	Provision of repairing service and vehicle rental service
Crystal Future Global Limited	the BVI	US$1	–	100%	–	100%	Investment holding

None of the subsidiaries had any debt securities outstanding as at the end of the reporting period or at any time during the reporting period.

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities 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 flow will be, classified in the Group's consolidated statement of cash flows from financing activities.

			Non-cash changes		
	1 April 2017 HK$'000	Financing cash flows HK$'000	New finance lease arrangement (Note 31a) HK$'000	Bank borrowings settled by way of proceed of sale and lease back (Note 31b) HK$'000	**31 March 2018 HK$'000**
Liabilities					
Amount due to a director (note 22)	1,059	(1,059)	–	–	**–**
Bank borrowings (note 23)	12,147	(5,836)	–	(3,850)	**2,461**
Obligations under finance leases (note 24)	1,820	(2,548)	1,200	3,850	**4,322**
	15,026	(9,443)	1,200	–	**6,783**

37. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to banks and finance lease companies to secure banking facilities and finance leases granted to the Group:

	2018 HK$'000	2017 HK$'000
Plant and equipment (note 16)	**5,314**	2,381
Investment property (note 17)	**6,930**	6,300
	12,244	8,681

FOUR YEARS FINANCIAL SUMMARY

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

	For the year ended 31 March			
	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**535,507**	380,657	349,021	238,778
Cost of sales	**(481,009)**	(334,315)	(313,253)	(214,116)
Gross profit	**54,498**	46,342	35,768	24,662
Other income	**1,409**	1,704	1,138	779
Administrative expenses	**(38,199)**	(17,655)	(10,528)	(10,088)
Finance costs	**(554)**	(847)	(879)	(751)
Profit before taxation	**17,154**	29,544	25,499	14,602
Income tax expense	**(5,165)**	(6,161)	(4,194)	(2,783)
Profit and total comprehensive income for the year	**11,989**	23,383	21,305	11,819
Earnings per share:				
Basic and diluted	**1.5 cents**	3.5 cents	3.2 cents	1.8 cents

	As at 31 March			
	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000
Assets and Liabilities				
Non-current assets	**34,054**	30,214	22,572	24,826
Current assets	**226,610**	87,993	70,417	54,349
Non-current liabilities	**4,052**	2,644	2,812	4,362
Current liabilities	**49,093**	44,964	42,961	48,902
Total equity	**207,519**	70,599	47,216	25,911

Note: No financial statements of the Group for the year end 31 March 2014 have been published. The summary above does not form part of the audited financial statements.