Annual Report 2018

CHONG KIN
創建集團(控股)有限公司

CHONG KIN GROUP HOLDINGS LIMITED
創 建 集 團 (控 股) 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1609

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Jinbing *(Chairman and Chief Executive Officer)* (appointed on 5 January 2018)
Mr. Ni Biao (appointed on 8 June 2018)
Mr. Cheung Yuk Kei (resigned on 12 January 2018)
Mr. Cheung Man Tim (resigned on 12 January 2018)
Mr. Fung Chi Chung (resigned on 12 January 2018)

Non-executive Directors

Mr. Poon Chiu Kwok (appointed on 5 January 2018 and resigned on 6 June 2018)

Independent Non-Executive Directors

Mr. Tse Chi Wai (appointed on 5 January 2018)
Dr. Zhu Zhengfu (appointed on 5 January 2018)
Dr. Li Yifei (appointed on 5 January 2018)
Mr. Miu Hon Kit (resigned on 12 January 2018)
Mr. Leung Chi Wai (resigned on 12 January 2018)
Mr. Seid Ka Him (resigned on 12 January 2018)

AUDIT COMMITTEE

Mr. Tse Chi Wai *(Chairperson)* (appointed on 12 January 2018)
Dr. Zhu Zhengfu (appointed on 12 January 2018)
Dr. Li Yifei (appointed on 12 January 2018)
Mr. Miu Hon Kit (resigned on 12 January 2018)
Mr. Leung Chi Wai (resigned on 12 January 2018)
Mr. Seid Ka Him (resigned on 12 January 2018)

REMUNERATION COMMITTEE

Mr. Tse Chi Wai *(Chairperson)* (appointed on 12 January 2018)
Dr. Zhu Zhengfu (appointed on 12 January 2018)
Dr. Li Yifei (appointed on 12 January 2018)
Mr. Leung Chi Wai (resigned on 12 January 2018)
Mr. Cheung Man Tim (resigned on 12 January 2018)
Mr. Seid Ka Him (resigned on 12 January 2018)

NOMINATION COMMITTEE

Mr. Zhang Jinbing *(Chairperson)* (appointed on 12 January 2018)
Mr. Tse Chi Wai (appointed on 12 January 2018)
Dr. Zhu Zhengfu (appointed on 12 January 2018)
Dr. Li Yifei (appointed on 12 January 2018)
Mr. Cheung Yuk Kei (resigned on 12 January 2018)
Mr. Leung Chi Wai (resigned on 12 January 2018)
Mr. Seid Ka Him (resigned on 12 January 2018)

COMPANY SECRETARY

Ms. Lee Eva (appointed on 12 January 2018)
Ms. Yu Pik So (resigned on 12 January 2018)

AUTHORISED REPRESENTATIVES

Mr. Zhang Jinbing
Ms. Lee Eva

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office B, 31st Floor Billion Plaza II
10 Cheung Yue Street Cheung Sha Wan Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

COMPLIANCE ADVISER

TC Capital International Limited
Suite 1903-1904, 19th Floor, Tower 6, the Gateway, Harbour City, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong

LEGAL ADVISER AS TO HONG KONG LAW

D.S. Cheung & Co.
29th Floor, Bank of East Asia Harbour View Centre
56 Gloucester Road,
Wanchai, Hong Kong.

AUDITORS

KTC Partners CPA Limited
Room 701, 7th floor, New East Ocean Centre,
9 Science Museum Road, Tsim Sha Tsui East,
Kowloon, Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
Bank of East Asia Limited
Citibank (Hong Kong) Limited

STOCK CODE

1609

WEBSITE

www.chongkin.com.hk

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Chong Kin Group Holdings Limited (the "**Company**"), together with its subsidiaries (the "**Group**"), I am delighted to present the annual report of the Group for the year ended 31 March 2018 (the "**year**").

REVIEW

For the year ended 31 March 2018, the revenue of the Group decreased approximately 11.7% from HK$485.6 million to HK$428.7 million. Profit attributable to the owners of the Company was HK$32 million as compared to a profit of HK$44.4 million in the previous year, representing a decrease of approximately 27.9%. Earnings per share for the year were HK$4.19 cents, as compared to the earnings per share of HK$6.32 cents for the previous year.

The decrease in revenue was primarily due to the continuing weakness of the foundations infrastructure market and keen competition among the market players which in turn resulted in reducing the contract value of individual projects. The reduced number of foundation contracts from both the public and private sectors of the construction industry had a further negative impact on its revenue and profit margin. As both the revenue and the profit margin of new contracts undertaken in the year under review decreased, the profit for the year was thus reduced. Nevertheless, the Group's financial position was sound over the year under review.

CHANGES TO THE BOARD

A number of changes to the Board were announced during the year and up to the date of this report, Mr. Ni Biao was appointed as executive Director, Mr. Tse Chi Wai, Dr. Zhu Zhengfu and Dr. Li Yifei were appointed as independent non-executive Directors.

Mr. Cheung Yuk Kei, the former Chairman, and Mr. Cheung Man Tim and Mr. Fung Chi Chung, both of whom were executive Directors, has resigned as Directors of the Company. I am fully aware of the huge responsibility that has been bestowed on me, on the other hand, I would like to thank these Directors for their valuable contributions to the affairs of the Company and the Board over the years.

FORWARD

The construction industry in Hong Kong continues to be weak in 2018, and hence the concrete services market, the intensive competition in bidding for new contracts among the growing number of competitors will likely lower overall profit margins for the Group in the coming financial year.

Given the keen competition in concrete services industry, it is expected that the business environment remains challenging. In response, the Group is seeking suitable investment opportunities for diversification of business and to achieve a better return to the shareholders ("**Shareholders**") of the Company.

The Group continues to evaluate suitable areas to diversify its business with the aim to deliver sustainable return to the Shareholders. Looking ahead, the Group will utilize the resources as a public company to (i) take a more aggressive approach in response to the tender invitations; (ii) expand its operation and revenue stream; (iii) expand its market share in the concrete services industry in terms of revenue generated; and (iv) explore business opportunities in the logistic Industry in the PRC. Riding on its operating resources and experience, the Group believes that it can continue maintaining its competitiveness in the industry to capture the market share for the concrete placing services in Hong Kong.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all Shareholders, customers, subcontractors and business partners for their trust and support to the Group. I also appreciate our management and staff members for their persistent faith and significant contributions to the Group. In the coming years, we shall continue to explore new opportunities and strive for business growth to bring the best returns for our Shareholders.

Zhang Jinbing
Chairman

Hong Kong, 28 June 2018

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a concrete services provider in Hong Kong. The Group principally provide concrete placing services and other ancillary services as a subcontractor for both (i) public sector projects, including building and infrastructure related projects; and (ii) private sector projects, which are mostly building related projects in Hong Kong. All revenue in the year was derived from its concrete placing services and other ancillary services.

As at 31 March 2018, the Group had 50 concrete placing contracts on hand, including contracts in progress and contracts which are yet to commence, with a notional or estimated contract value of approximately HK$371 million. As at 31 March 2017, we had 52 concrete placing contracts on hand with a notional or estimated contract value of HK$497.1 million.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the year amounted to approximately HK$428.7 million, representing a decrease of 11.7% as compared with HK$485.6 million for the previous year. All revenue was derived from the concrete placing services. Such decrease mainly attributable to the downscaling in the size of Tsim Sha Tsui projects and in concrete placing works, most of which had reached the completion stage during the year.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the year amounted to approximately HK$75.2 million, representing a decrease of 11.8% as compared with HK$85.2 million for the previous year, the decrease in gross profit was in line with the decrease in revenue for the same period. The Group's gross profit margin for the year was approximately 17.5%, as compared with 17.6% for the previous year.

Other Income

Other income mainly comprises interest income from loan receivable, rental income from leasing of machinery to third parties, interest income principally from life insurance policies, government grants and reimbursement of employees' compensation from insurers for its injured workers. During the year, other income amounted to approximately HK$11.9 million (2017: HK$5.3 million). The increase in other income was mainly due to the interest income arise from a loan receivable during the year.

Administrative and Other Operating Expenses

The administrative and other operating expenses of the Group for the year amounted to approximately HK$45.4 million, representing an increase of 22% compared with HK$37.2 million for the previous year, mainly due to the increase in the administrative staff salary and welfare benefits and the professional fees during the year.

Finance Costs

Finance costs for the year was approximately HK$1.8 million, representing an increase of 40.8% compared with HK$1.3 million in the previous year. The increase was mainly attributable to the increase in interest charges on the loan from the former substantial shareholder.

Income Tax Expense

Income tax expense increased by 4% from HK$7.6 million for the previous year to approximately HK$7.9 million for the year. The increase was due to the under provision in previous year.

Net Profit

The net profit for the year of the Group amounted to approximately HK$32 million, representing a decrease of 27.9% compared with HK$44.4 million for the previous year which was mainly due to the decrease in contract value for the new projects commenced during the year. The Group's net profit margin for the year was approximately 7.5%, as compared with 9.1% for the previous year. The decrease in the net profit margin over the previous year was mainly due to the decrease in revenue from the construction and increase in administrative and other operating expenses during the year.

Liquidity, Financial Resources and Capital Structure

The Group has funded the liquidity for the year and capital requirements primarily through capital contributions from shareholders bank and other borrowings, cash inflows from operating activities and proceeds received from the initial public offering of the Company in the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing**") on 17 October 2016 (the "**Listing Date**").

As at 31 March 2018, the Group had total cash and bank balances of approximately HK$21.8 million (2017: HK$105.7 million). The decrease was mainly due to the finance of a loan approximately HK$210 million to a third party during the year.

As at 31 March 2018, the loan and interest receivable amounted to HK$213 million (2017: Nil) was secured by a legal charge over the borrowers' securities. As set out in Note 18, the Company appointed receivers over the share charged in April 2018 and subsequently took legal action against the borrower to recover the loan and interest receivables. Based on the current assessment, the management believes that no impairment allowance is necessary in respect of those loan and interest receivables as the balances are considered fully recoverable.

The borrowings of the Group as at 31 March 2018 was approximately HK$127.2 million (2017: HK$22.8 million), the increase was mainly due to a loan approximately HK$125 million advanced from the former substantial shareholder.

As at 31 March 2018, the share capital and equity attributable to owners of the Company amounted to approximately HK$7,648,000 and HK$230,585,000 respectively (2017: HK$7,648,000 and HK$198,559,000 respectively).

Debts and Charges on Assets

The total borrowings of the Group consist of the former substantial shareholder's loan, bank borrowings, bank overdrafts and finance leases, increased from HK$22.8 million as at 31 March 2017 to approximately HK$127.2 million as at 31 March 2018. All borrowings were denominated in Hong Kong dollars, interests are charged at fixed and floating rates. The Group did not carry out any interest rate hedging policy.

The Group's machinery and equipment with an aggregate net book value of approximately HK$2.2 million as at 31 March 2018 (2017: HK$23.2 million) were charged under finance leases.

Foreign Exchange Risk

The Group mainly operates in Hong Kong. Most of the operating transactions and revenue were settled in Hong Kong dollars and the Group's assets and liabilities are primarily denominated in Hong Kong dollars. With the insignificant portion of monetary transactions and assets denominated in foreign currencies, the Group did not engage in any derivatives agreement and did not commit to any financial instrument to hedge its foreign exchange exposure during the year.

Gearing Ratio

Gearing ratio is calculated by dividing all debts by total equity at the year end date and expressed as a percentage. Debts are defined to include payables not incurred in the ordinary course of business. The gearing ratio of the Group as at 31 March 2018 was approximately 55.2% (2017: 11.5%). As a result of the increased debt from the former substantial shareholder, the Group's gearing ratio increased.

Employees and Remuneration Policy

As at 31 March 2018, the Group had a staff roster of 564 (2017: 662). The related staff costs (including directors' emoluments) for the year amounted to approximately HK$226.6 million (2017: HK$258 million). In order to attract and retain high quality staff and to enable smooth operation within the Group, the remuneration policy and package of the Group's employees are periodically reviewed. The salary and benefit levels of the employees of the Group are competitive (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from mandatory provident fund and job training programmes, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation. The emoluments of the Directors and senior management have been reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

Capital Commitments

The Group did not have significant capital commitments at 31 March 2018 (2017: nil).

Contingent Liabilities

Details of the contingent liabilities are set out in Note 30.

Event after the Reporting Period

Details of events after the reporting period are set out in Note 32.

Dividend

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

Use of Net Proceeds from the Listing

Shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date. The receipts of the proceeds, net of listing expenses (including underwriting fee), including both recognised in the consolidated statement of profit or loss and other comprehensive income and deducted from the share premium ("**Net Proceeds**") from the Listing were approximately HK$57.2 million. The use of proceeds has been consistent with the disclosure in the prospectus of the Company issued on 30 September 2016 in connection with its Listing (the "**Prospectus**"). The total net proceeds received were applied by the Group during the period from the Listing Date up to 31 March 2018 are as follows:

Use of Net Proceeds:	**Planned use of proceeds** HK$'000	**Actual use of proceeds from the Listing Date to 31 March 2018** HK$'000	**Unused amount** HK$'000
Acquisition of machinery and related parts	23,103	17,498	5,605
Expansion of its workforce both at office level and worksite level	6,429	5,088	1,341
Repayment of the outstanding finance leases	11,050	11,050	–
Repayment of the outstanding bank borrowings	11,050	11,050	–
General working capital	5,524	5,524	–
Total	57,156	50,210	6,946

Any net proceeds that were not applied immediately have been placed in the short-term demand deposits with authorised financial institutions or licensed banks in Hong Kong as at 31 March 2018.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Director

Mr. Zhang Jinbing (張金兵先生) ("**Mr. Zhang**"), aged 46, is an executive Director, Chairman of the Board and the chairperson of nomination committee of the Company. Mr. Zhang is the Controlling Shareholder of the Company. Mr. Zhang graduated from Guangzhou Foreign Language Institute with a bachelor's degree of arts in 1994. Mr. Zhang was an executive director of Synertone Communication Corporation (stock code: 1613), a company listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), for the period from August 2012 to April 2014. Mr. Zhang has also served on the board of directors of WE Solutions Limited ("**WE Solutions**") (stock code: 860), a company listed on the Stock Exchange, since January 2015. He had been an executive director and chief executive officer of WE Solutions for the period from January 2015 to June 2015 and became the chairman of the board of directors in June 2015 until November 2017. Mr. Zhang is a non-executive director and the co-chairman of WE Solutions. WE Solutions and its subsidiaries are principally engaged in a wide range of business including exports and domestic trading, retail and wholesale of jewellery products and watches, money lending, securities investments, property investment, mining, manufacturing of electronic vehicles and the provision of related engineering solutions. Mr. Zhang has extensive experience in corporate management and wide range of investment experience in property development projects in the PRC. From 2004 to 2006, he worked as a general manager for Guangdong Copper Alloy Material Company Limited. Mr. Zhang founded China Golden Holdings Limited in 2006, which is principally engaged in trading of coppers, car parts and stationeries.

Mr. Ni Biao (倪彪) ("**Mr. Ni**"), aged 54, is an executive Director. Mr. Ni obtained a Bachelor's degree in Economics and Management from 中共中央黨校附屬函授學院 (Central Party School of the Central Committee of the Communist Party of China*) in June 1988 and an Executive Master of Business Administration from Cheung Kong Graduate School of Business in 2012. Mr. Ni was also awarded a certificate in international chief executive officers programme by the Overseas Education College Shanghai Jiaotong University in November 2013. Mr. Ni, has over 23 years of experience in management. He has been a director and chairman of the board of 杭州恒豐控股有限公司 (Hangzhou Hengfeng Holdings Ltd.*) since November 2000 and 杭州江濱一號健身有限公司 (Hangzhou Jianbin Yihao Ltd.*) since February 2008. He also joined 奧高國際(杭州)高爾夫教育科技股份有限公司 (Ao Gao Guoji (Hangzhou) Golf Education Holdings Ltd.*) in May 2016 as the director and chairman of the board. Mr. Ni is currently the vice president of 浙江省高爾夫球協會 (Zhejiang Golf Association*), the managing director of 浙江總會 (The General Association of Zhejiang Enterpreneurs*) and the vice chairman of 浙江省僑商會 (Zhejiang Association of Overseas Chinese Enterpreneurs*). Prior to joining the Company, Mr. Ni was a director of 杭州廣安經濟發展有限公司 (Hangzhou Guangan Economics Development Ltd.*) from February 1995 to March 1998. He was also a director and general manager of 浙江申大進出口有限公司 (Zhejiang Shenda Import and Export Trade Company Ltd.*) from April 1998 to May 2012 and a director and general manager of 杭州經豐置業有限公司 (Hangzhou Jingfeng Zhiye Ltd.*) from July 2004 to September 2015. Mr. Ni was appointed as the Dean of the Overseas Education College Shanghai Jiaotong University Golf Branch from 2012 to 2016.

Independent Non-Executive Directors

Mr. Tse Chi Wai (謝志偉) ("**Mr. Tse**"), aged 50, is an independent non-executive Director and the chairman of the audit committee, the member of remuneration committee and nomination committee of the Company. Mr. Tse graduated from the University of Hong Kong in 1989 with a bachelor degree in Social Science Studies. Mr. Tse is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Tse has extensive experience in auditing, accounting and finance gained from working with various international accounting firms and listed companies. Mr. Tse is also an executive director of Jih Sun Financial Holding Company Limited, the shares of which are listed in Taiwan and an independent non-executive director of Hong Kong listed companies, namely China Environmental Technology Holdings Limited (stock code: 646); Great Water Holdings Limited (stock code: 8196) and Huarong Investment Stock Corporation Limited (stock code: 2277); Chong Kin Group Holdings Limited (stock code: 1609) and Winto Group (Holdings) Limited (stock code: 8238). Mr. Tse was an independent non-executive director of Greens Holdings Ltd ("**Greens Holdings**") (stock code: 1318) from March 2015 to November 2015 and Sunac China Holdings Limited ("**Sunac**") (stock code: 1918) from December 2012 to December 2017. Mr. Tse joined the Group in May 2010.

* *for identification purpose only*

During the period between March 2015 and November 2015, Mr. Tse was an independent non-executive director of Greens Holdings, a company incorporated in the Cayman Islands and principally engaged in the manufacture and supply of heat transfer products and solutions. Greens Holdings announced that (i) on 2 September 2015, Greens Holdings filed a winding up petition with the Grand Court of the Cayman Islands as Greens Holdings was unable to repay its debt; (ii) on 29 September 2015, a winding up petition was filed with the High Court of Hong Kong against Greens Holdings by a bondholder for an outstanding debt under the unlisted bonds issued by Greens Holdings in January 2015; (iii) on 8 October 2015, joint provisional liquidators were appointed pursuant to an order of the Grand Court of the Cayman Islands; (iv) the winding up petition hearing which was originally scheduled on 2 December 2015, has been adjourned several times to 3 August 2016 of which the petitioner was granted leave to withdraw the winding up petition in Hong Kong; (v) the Cayman Court of the Cayman Islands convened a case management conference on 7 April 2016 and ordered that the winding up petition with the Cayman Court of the Cayman Islands be listed for directions hearing on 17 May 2016, which was adjourned and rescheduled for several times until a date to be fixed after 30 April 2017; and (vi) the Stock Exchange issued a letter dated 28 October 2016 to Greens Holdings stating that it had decided to place Greens Holdings into the third delisting stage. Mr. Tse confirmed that (i) there is no wrongful act on his part leading to the said winding up petitions and he is not aware of any actual or potential claim which has been or will be made against him as a result of the said winding up petitions; and (ii) his involvement in Greens Holdings during his tenure was part and parcel of his services as a director thereof and no misconduct or misfeasance on his part had been involved in the said winding up petitions.

The following particulars relating to Mr. Tse are disclosed pursuant to Rule 17.50(2)(n)(iv) of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**"):

In October 2017, based on findings made by the Listing Committee of the Stock Exchange ("**Listing Committee**") in respect of Sunac and on Sunac's acceptance, without admission of any liabilities and for the purpose of settlement, of the relevant findings, the Listing Committee censured Sunac for breaching Rule 2.13(2) of the Listing Rules for failure to ensure the announcements made in February 2015 and May 2015 were accurate and complete in all material aspects, and not misleading. Please refer to the Listing Committee's news issued on 26 October 2017 for further details.

Although Mr. Tse was an independent non-executive director of Sunac at the relevant time, Mr. Tse was not personally subject to any investigation process, disciplinary action

Dr. Zhu Zhengfu (**朱征夫博士**) ("**Dr. Zhu**"), aged 53, is an independent non-executive Director. Dr. Zhu is a member of the audit committee, the remuneration committee and the nomination committee of the Company. He obtained the qualification of an independent director jointly awarded by the China Securities Regulatory Commission and School of Management, Fudan University(復旦大學)in the PRC in April 2002. Dr. Zhu received a master's and doctoral degrees in laws from Wuhan University (武漢大學), the PRC in July 1987 and December 1997 respectively. Dr. Zhu is also a member of the National Committee of the Chinese People's Political Consultative Conference(中國人民政治協商會議全國委員會)and the vice president of All China Lawyers Association(中華全國律師協會). Dr. Zhu is an independent non-executive director of Dongjiang Environmental Company Limited(東江環保股份有限公司) (stock code: 895) (the shares of which are listed on the Stock Exchange), Zall Group Ltd.(卓爾集團股份有限公司)(stock code: 2098) (the shares of which are listed on the Stock Exchange), Guangdong Guangzhou Daily Media Co., Ltd.(廣東廣州日報傳媒股份有限公司)(stock code: 2181) (the shares of which are listed on Shenzhen Stock Exchange) and Poly Real Estate Group Co., Ltd.(保利房地產(集團)股份有限公司)(stock code: 600048) (the shares of which are listed on Shanghai Stock Exchange). He is also an independent director of Wuhan Sante Cableway Group Co Ltd(武漢三特索道集團股份有限公司) (stock code: 002159) (the shares of which are listed on Shenzhen Stock Exchange). He was an independent non-executive director of Beijing Honggao Creative Construction Design Co., Ltd.(北京弘高創意建築設計股份有限公司) (stock code: 2504) (the shares of which are listed on Shenzhen Stock Exchange) for the period from November 2014 to November 2017, a member of the supervisory committee of CSSC Offshore & Marine Engineering (Group) Company Limited(中船海洋與防務裝備股份有限公司) (stock code: 317) (the shares of which are listed on the Stock Exchange) since May 2011 and an independent non-executive director of WE Solutions Limited (stock code: 860) for the period from May 2015 to November 2017.

* *for identification purpose only*

Dr. Li Yifei (**李亦非博士**) ("**Dr. Li**"), aged 53, is an independent non-executive Director. Dr. Li is a member of the audit committee, the remuneration committee and the nomination committee of the Company. He graduated from the School of Economics of Wuhan University in 1985 and obtained a doctoral degree in economics from the School of Economics of Wuhan University in December 2000. Dr. Li is the chairman of the board of directors of Guangzhou Huayi Enterprise Group Co., Ltd.（廣州華藝企業集團有限公司）, a committee member of the Guangdong Province Committee of the Chinese People's Political Consultative Conference（中國人民政治協商會議廣東省委員會）, president of Guangzhou Dayi Culture and Arts Fund（廣州市大藝文化藝術基金會）and member of the board of directors of Wuhan University. Dr. Li was also an independent non-executive director of WE Solutions Limited (stock code: 860) for the period from May 2015 to November 2017.

SENIOR MANAGEMENT

Ms. Lee Eva (**李綺華女士**) ("**Ms. Lee**") was appointed as the company secretary of the Company on 12 January 2018. Ms. Lee is admitted as a solicitor in Hong Kong and focusing on capital markets and corporate finance work. Ms. Lee graduated from the London School of Economic and Political Science with Masters of Laws (Distinction).

Ms. Chan Mui, aged 42, was appointed as Financial Controller in January 2018, responsible for overseeing the financial reporting, financial management and internal control of the Group. Ms. Chan obtained a diploma in accountancy from the Guang Zhou Jinan University in 2002, she is a fellow member of the Association of Chartered Certified Accountants, and she has extensive experience in the auditing, accounting and financial management. Before joining the Group, Ms. Chan worked for several companies listed on the Stock Exchange.

Mr. Cheung Yuk Kei ("**Mr. Cheung YK**"), aged 58, is director of the four major operating subsidiaries of the Company, Kam Fung Engineering Limited, Global Sunny Engineering Limited, Sang Fu Engineering Limited and Richway Mechanical Engineering Co., Limited. Mr. Cheung YK is primarily responsible for monitoring projects of the concrete services business of the Group. Mr. Cheung YK has over 35 years of experience in the concrete services industry in Hong Kong.

Mr. Fung Chi Chung ("**Mr. Fung**"), aged 54, has over 30 years of experience in the construction and engineering industry in Hong Kong. He is primarily responsible for overseeing daily execution of site operation and monitoring occupational health, safety and environmental compliance of the Group.

Mr. Yeung, Jack (楊社稷先生) ("**Mr. Yeung**"), aged 43, is a General Manager of the Group. Mr. Yeung joined the Group since February 2015. He is mainly responsible for overall management of the Group. Mr. Yeung has over 10 years of experience in civil engineering and building construction in Hong Kong. Prior to joining the Group, Mr. Yeung worked as the general manager of Pro-Fit Construction Limited from April 2014 to December 2014. Since June 2010, Mr. Yeung has been serving Fugro Certification Services Ltd, as a part time carbon specialist. He was employed by Robt. Stone – A Business of Tenix Alliance New Zealand Services Limited as an HSE Officer for Kupe Gas Production Station Project from April 2008 to September 2008. He had previously worked for Sino Administration Services Limited from April 2004 to April 2008 and his last position was assistant manager (safety) of the development division from October 2006 to April 2008. He had also worked as a resident inspector of works (safety) of the KCRC East Rail Extension Project TCC 200 in Maunsell Consultants Asia Limited from June 2001 to April 2004, a safety officer in Gammon Construction Limited from March 2001 to May 2001. He worked in Hip Hing Construction Company Limited from March 1999 to February 2001 and his last position was safety officer. Mr. Yeung obtained a Bachelor of Engineering (Civil) from the University of Auckland in April 1999. He subsequently obtained a Continuing Education Certificate in Safety Auditing (Safety Auditors Training Scheme) from the City University of Hong Kong in March 2002. He was awarded the Postgraduate Diploma in Occupational Safety and Health from the University of Greenwich in October 2006. Since January 2007, he was a Chartered Member of the Institution of Occupational Safety and Health. He completed a course organised by the Association of Energy Engineers, USA on carbon auditor professional course in February 2009. He also completed a course organised by the Department of Continuing Education of the University of Oxford on The Wider Context of Nanotechnology in December 2010.

Mr. Chau Wai Kwong (周偉光先生) ("**Mr. Chau**"), aged 57, is a General Manager (Projects) of the Group. Mr. Chau joined the Group as a Project Manager in March 2010 and he is mainly responsible for management of site works and quality control of projects of the Group. Mr. Chau has over 25 years of construction site experience. Prior to joining the Group, Mr. Chau worked in E Man Construction Company Limited from March 1986 to February 2010 and his last position was general foreman. Mr. Chau received a certificate for completion of the part-time course for Qualifying Site Supervisors as Technically Competent Persons from the Construction Industry Training Authority in 1999 and a certificate for completion of the part-time Construction Safety Supervisor Course in 2000.

COMPANY SECRETARY

Ms. Lee Eva is the company secretary of the Company. Details of her qualifications and experience are set out in the paragraph headed "Senior management" in this section.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board is committed to upholding a high standard of corporate governance practices and business ethics in the firm belief that they are crucial to improve the efficiency and performance of the Group and to safeguard the interests of the Shareholders. The Board reviews the Company's corporate governance practices from time to time in order to meet the expectations of stakeholders and comply with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance. Set out below are the principles of corporate governance as adopted by the Company from the Listing Date.

CORPORATE GOVERNANCE CODE

The Company has applied the principles of and complied with the applicable code provisions (the "**Code Provisions**") as set out under the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules during the year. The Directors will periodically review on the Company's corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the Code Provisions from time to time.

MODEL CODE FOR SECURITIES TRANSACTIONS

Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as a code of conduct of the Company for Directors' securities transactions. In response to a specific enquiry by the Company, all Directors have confirmed that they had fully complied with the requirements of the Model Code during the year.

Securities Transactions by Senior Management and Staff

The senior management and staff have been individually notified and advised about the Model Code by the Company.

CORPORATE GOVERNANCE FUNCTIONS

It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

The duties of the Board in performing its corporate governance functions under the CG Code include:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations;

2. to review and monitor the training and continuous professional development of Directors and senior management of the Company;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors of the Company; and

5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Board is responsible for performing the corporate governance functions set out in code provision D.3.1 of the CG Code. As at the date of this annual report, the Board has reviewed and monitored (a) the Company's corporate governance policies and practices, (b) training and continuous professional development of Directors and senior management, (c) the Company's policies and practices on compliance with legal and regulatory requirements, (d) the Company's code of conduct and (e) the Company's compliance with the CG Code disclosure requirements.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

Each newly appointed Director shall receive formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of directors' responsibilities and obligations under the Listing Rules and relevant statutory requirements.

In compliance with Code Provision A.6.5 of the CG Code, the Company has provided funding to all the Directors to participate in continuous professional development organized in the form of in-house training and seminars to keep them refreshed of their knowledge and skill and understanding of the Group and its business to update their skills and knowledge on the latest development or changes in the relevant statutes, the Listing Rules and corporate governance practices. The Company will also update the Directors of any material changes in the Listing Rules and corporate governance practices from time to time.

During the year, the Company organized Directors' training session delivered by legal professional (which was attended by all Directors, namely Mr. Zhang Jinbing, Mr. Ni Biao, Mr. Tse Chi Wai, Dr. Zhu Zhengfu, Dr. Li Yifei, Mr. Poon Chiu Kwok (appointed on 5 January 2018 and resigned on 6 June 2018), Mr. Cheung Yuk Kei (resigned on 12 January 2018), Mr. Cheung Man Tim (resigned on 12 January 2018), Mr. Fung Chi Chung (resigned on 12 January 2018), Mr. Miu Hon Kit (resigned on 12 January 2018), Mr. Leung Chi Wai (resigned on 12 January 2018) and Mr. Seid Ka Him (resigned on 12 January 2018)), as well as provided materials (including but not limited to updates on Listing Rules and guidelines on Directors' Duties) for all Directors.

The training of each Director received during the Review Period is summarised as below:

Name of Director	Reading materials regarding regulatory update and corporate governance matters	Attending seminars/in-house training relevant to the Company's business, Listing Rules compliance and risk management
Executive Directors		
Mr. Zhang Jinbing *(Chairman)* (appointed on 5 January 2018)	√	√
Mr. Ni Biao *(Chief Executive Officer)* (appointed on 8 June 2018)	√	√
Mr. Cheung Yuk Kei (resigned on 12 January 2018)	√	√
Mr. Cheung Man Tim (resigned on 12 January 2018)	√	√
Mr. Fung Chi Chung (resigned on 12 January 2018)	√	√
Non-executive Directors		
Mr. Poon Chiu Kwok (appointed on 5 January 2018 and resigned on 6 June 2018)	√	√
Independent non-executive Directors		
Mr. Tse Chi Wai (appointed on 5 January 2018)	√	√
Dr. Zhu Zhengfu (appointed on 5 January 2018)	√	√
Dr. Li Yifei (appointed on 5 January 2018)	√	√
Mr. Miu Hon Kit (resigned on 12 January 2018)	√	√
Mr. Leung Chi Wai (resigned on 12 January 2018)	√	√
Mr. Seid Ka Him (resigned on 12 January 2018)	√	√

THE BOARD

Role and function

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the audit committee (the "**Audit Committee**"), the nomination committee (the "**Nomination Committee**") and the remuneration committee (the "**Remuneration Committee**") (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference. Further details of these committees are set out in the sections headed "Audit Committee", "Nomination Committee" and "Remuneration Committee" below.

Composition

As at the date of this annual report, the Board currently comprises five members, consisting of two executive Directors and three independent non-executive Directors. The List of Directors is set out in the section headed "Directors' Report" of this annual report.

There is a balance of skills and experience for the Board, which is appropriate for the requirements of the business of the Company. Biographical details of the Directors and senior management of the Company are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 8 to 11 of this annual report.

Save as (i) Mr. Cheung Yuk Kei (resigned on 12 January 2018) is the father of Mr. Cheung Man Tim (resigned on 12 January 2018) and (ii) Mr. Cheung Man Tim (resigned on 12 January 2018) is the son of Mr. Cheung Yuk Kei (resigned on 12 January 2018), the Directors have no financial, business, family or other material or relevant relationship with each other.

Pursuant to the code provision A.5.6 of the CG Code, listed issuers are required to adopt a board diversity policy. The Board has adopted the board diversity policy with a view to achieve a sustainable and balanced development of the Group. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. This diversity policy is reviewed annually by the nomination committee of the Company, and where appropriate, revisions will be made with the approval from the Board.

Board Meetings

The Board meets regularly to discuss and formulate the overall strategy to monitor the operation and financial performance of the Group. The company secretary of the Company (the "**Company Secretary**") assists the Chairman in drawing the agenda of each meeting and each Director may request inclusion of matters in the agenda. All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures are complied with and all applicable rules and regulations are followed.

Pursuant to Code Provision A.1.1 of the CG Code, the Board should meet regularly and Board meetings should be held as at least four times a year. Additional meetings would be arranged if and when required. Directors may participate either in person or through electronic means of communications. During the year, a total of 13 Board meetings and 1 general meeting were held and the attendance records are as follows:

Name of Director	Meetings attended/ Number of general meetings attended	Meetings attended/ Number of Board meetings
Executive Directors		
Mr. Zhang Jinbing *(Chairman and Chief Executive Officer)* (appointed on 5 January 2018)	0/1	6/13
Mr. Ni Biao (appointed on 8 June 2018)	0/1	0/13
Mr. Cheung Yuk Kei (resigned on 12 January 2018)	1/1	11/13
Mr. Cheung Man Tim (resigned on 12 January 2018)	1/1	11/13
Mr. Fung Chi Chung (resigned on 12 January 2018)	1/1	11/13
Non-executive Directors		
Mr. Poon Chiu Kwok (appointed on 5 January 2018 and resigned on 6 June 2018)	0/1	5/13
Independent non-executive Directors		
Mr. Tse Chi Wai (appointed on 5 January 2018)	0/1	5/13
Dr. Zhu Zhengfu (appointed on 5 January 2018)	0/1	5/13
Dr. Li Yifei (appointed on 5 January 2018)	0/1	5/13
Mr. Miu Hon Kit (resigned on 12 January 2018)	1/1	11/13
Mr. Leung Chi Wai (resigned on 12 January 2018)	1/1	11/13
Mr. Seid Ka Him (resigned on 12 January 2018)	1/1	11/13

Access to information

The Directors may seek independent professional advice in appropriate circumstances, at the Company's expenses. The Company will, upon request, provide separate independent professional advice to Directors to assist the relevant Directors to discharge their duties to the Company.

The Board is supplied with relevant information by the senior management pertaining to matters to be brought before the Board for decision as well as reports relating to operational and financial performance of the Group before each Board meeting. Where any Director requires more information than is volunteered by the management, each Director has the right to separately and independently access to the Company's senior management to make further enquiries if necessary.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the CG Code as set out in Appendix 14 to the Listing Rules states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhang Jinbing was appointed as the chairman of the Board and chief executive officer of the Company with effect from 12 January 2018 (following the resignation of Mr. Cheung Yuk Kei and Mr. Cheung Man Tim respectively). Notwithstanding the deviation from code provision A.2.1, the Board believes that with the support of the management, vesting the roles of both chairman and chief executive officer on the same person can facilitate execution of the Group's business strategies and provide a strong and consistent leadership to the Group. The Board considers that the appointment of Mr. Zhang Jinbing as the chairman of the Board and the chief executive officer of the Company will not impair the balance of power as all major decisions are made in consultation with members of the Board. In addition, under the supervision by the Board which currently consists of two executive Directors and three independent non-executive Directors, the interests of the shareholders of the Company will be adequately and fairly represented.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors.

The independent non-executive Directors are considered by the Board to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgments. The Board considered that each of the independent non-executive Directors brings his own relevant expertise to the Board and its deliberations. None of the independent non-executive Directors has any business or financial interests with the Group nor has any relationship with other Directors.

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has currently appointed three independent non-executive Directors for a term of two years commencing from their respective dates of appointment. All of the three independent non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise. No less than one third of the Directors are subject to retirement by rotation at each annual general meeting in accordance with the amended and restated memorandum and articles of association of the Company.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

APPOINTMENTS AND RE-ELECTION OF DIRECTORS

The Nomination Committee has from time to time identified individuals suitably qualified to become Board members and make recommendations to the Board. The main consideration in selecting candidates for directorships is whether their characters, qualifications and experiences are appropriate for the businesses of the Group. Each of the Directors has entered into a service contract with the Company for a term of two years.

According to the articles of association of the Company (the "**Articles of Association**"), any Director so appointed by the Board shall hold office, in the case of filling a casual vacancy, only until the next following general meeting of the Company or, in the case of an addition to their number, until the next following annual general meeting of the Company who shall then be eligible for re-election at such general meeting. Every Director is appointed for a specific term and is subject to retirement by rotation at least once every three years.

In accordance with Article 108(a) of the Articles of Association of the Company, at each annual general meeting, at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Mr. Tse Chi Wai will retire at the forthcoming annual general meeting of the Company (the "**AGM**") but will not offer himself for re-election. All the other Directors will retire from office at the AGM and being eligible, offer themselves for re-election. Following the retirement of Mr. Tse Chi Wai at the conclusion of the AGM, the number of independent non-executive Directors will fall below the minimum number as required under Rule 3.10(1) of the Listing Rules and the number of independent non-executive Directors of the Board will represent less than one-third of the members of the Board as required under Rule 3.10A of the Listing Rules. Since Mr. Tse Chi Wai is serving as the chairman of audit committee and the remuneration committee and a member of the nomination committee of the Company, following his retirement on 31 August 2018, the number of members in the audit committee of the Company will decrease from three to two, which falls short of the minimum number required under Rule 3.21 of the Listing Rules. In addition, the Company will need to appoint an independent non-executive Director who possesses the professional qualification as required under Rule 3.10(2) of the Listing Rules to fill the vacancy following the retirement of Mr. Tse Chi Wai.

The Company will take steps to fulfill the requirements of Rules 3.10(1), 3.10A and 3.21 of the Listing Rules as soon as practicable and in any event within three months after 31 August 2018 in accordance with Rules 3.11 and 3.23 of the Listing Rules.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee, for overseeing particular aspects of the Company's affairs. All Board Committees of the Company are established with defined written terms of reference. The terms of reference of the Board Committees are posted on the websites of the Company and the Stock Exchange and are available to Shareholders upon request.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr. Tse Chi Wai (appointed on 5 January 2018), Dr. Zhu Zhengfu (appointed on 5 January 2018) and Dr. Li Yifei (appointed on 5 January 2018) following the resignation of Mr. Miu Hon Kit (resigned on 12 January 2018), Mr. Leung Chi Wai (resigned on 12 January 2018) and Mr. Seid Ka Him (resigned on 12 January 2018). Currently, Mr. Tse Chi Wai (appointed on 5 January 2018) following the resignation of Mr. Miu Hon Kit (resigned on 12 January 2018), is the chairperson of the Audit Committee.

The primary responsibilities of the Audit Committee include:

- to be primarily responsible for making recommendations and advice to the Board on the appointment, reappointment and removal of the external auditors, and to approve and review the remuneration and terms of engagement of the external auditors;
- to review and monitor the external auditors' independence and objectivity and the effectiveness of the internal audit process in accordance with applicable standards;
- to develop and implement policy on engaging an external auditors to supply non-audit services, and to review and monitor the extent of non-audit works undertaken by external auditors;
- to monitor the integrity of financial statements and the annual report and accounts and half-year report, and to review significant financial reporting judgments contained in them;
- to discuss the risk management and internal control systems with management of the Group to ensure that the management of the Group has performed its duty to have an effective risk management and internal control systems; and
- to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board and monitor the Group's policies and practices on compliance with legal and regulatory requirements.

The Audit Committee has explicit authority to investigate any activity within its terms of reference and the authority to obtain outside legal or other independent professional advice if it considers necessary. It is given access to and assistance from the employees and reasonable resources to discharge its duties properly.

During the year, the Board had no disagreement with the Audit Committee's view on the re-appointment of the external auditors. The financial statements for the year and this annual report have been reviewed by the Audit Committee.

According to the current terms of reference, meetings of the Audit Committee shall be held at least twice a year. 3 meetings were held for the year ended 31 March 2018. The attendance of each member is set out as follows:

Audit Committee	**Meeting attended/Eligible to attend**
Mr. Tse Chi Wai *(Chairperson)* (appointed on 5 January 2018)	0
Dr. Zhu Zhengfu (appointed on 5 January 2018)	0
Dr. Li Yifei (appointed on 5 January 2018)	0
Mr. Miu Hon Kit (resigned on 12 January 2018)	3
Mr. Leung Chi Wai (resigned on 12 January 2018)	3
Mr. Seid Ka Him (resigned on 12 January 2018)	3

NOMINATION COMMITTEE

The Nomination Committee comprises four members, namely Mr. Tse Chi Wai (appointed on 5 January 2018), Dr. Zhu Zhengfu (appointed on 5 January 2018) and Dr. Li Yifei (appointed on 5 January 2018) following the resignation of Mr. Cheung Yuk Kei (resignation on 12 January 2018), Mr. Leung Chi Wai (resignation on 12 January 2018) and Mr. Seid Ka Him (resigned on 12 January 2018). Currently, Mr. Zhang Jinbing (appointed on 5 January 2018) following the resignation of Mr. Cheung Yuk Kei (resigned on 12 January 2018) is the chairperson of the Nomination Committee.

The principal responsibilities of the Nomination Committee include:

- review the structure, size and composition of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- review the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;
- identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- assess the independence of independent non-executive Directors;
- make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer; and
- conform to any requirement, direction, and regulation that may from time to time be contained in the memorandum and articles of association of the Company or imposed by the Listing Rules or applicable law.

Meeting of the Nomination Committee shall be held at least once a year. 2 meetings was held during the year ended 31 March 2018. Issues concerning revision of the structure size and composition of the Board and the board diversity policy were discussed. The attendance of each member is set out as follows:

Nomination Committee	Meeting attended/Eligible to attend
Mr. Zhang Jinbing *(Chairperson)* (appointed on 5 January 2018)	0
Mr. Tse Chi Wai (appointed on 5 January 2018)	0
Dr. Zhu Zhengfu (appointed on 5 January 2018)	0
Dr. Li Yifei (appointed on 5 January 2018)	0
Mr. Cheung Yuk Kei (resignation on 12 January 2018)	2
Mr. Leung Chi Wai (resignation on 12 January 2018)	2
Mr. Seid Ka Him (resigned on 12 January 2018)	2

REMUNERATION COMMITTEE

The Remuneration Committee comprises three members, namely Mr. Tse Chi Wai (appointed on 5 January 2018), Dr. Zhu Zhengfu (appointed on 5 January 2018) and Dr. Li Yifei (appointed on 5 January 2018) following the resignation of Mr. Leung Chi Wai (resigned on 12 January 2018), Mr. Cheung Man Tim (resigned on 12 January 2018) and Mr. Seid Ka Him (resigned on 12 January 2018). Currently, Mr. Tse Chi Wai (appointed on 5 January 2018) following the resignation of Mr. Leung Chi Wai (resigned on 12 January 2018) is the chairperson of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee include:

- consult the chairman of the Board and/or chief executive about their remuneration proposals for other executive Directors;
- make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

- review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- make recommendations to the Board on the remuneration packages of individual executive Directors and senior management below Board level;
- make recommendations to the Board on the remuneration of independent non-executive Directors;
- consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;
- review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct;
- ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration; and
- conform to any requirement, direction, and regulation that may from time to time be contained in the memorandum and articles of association of the Company or imposed by the Listing Rules or applicable law.

The Remuneration Committee takes into consideration industry practices and norms in compensation, in addition to the performance relative to the industry and the performance of the individual Directors. The Company reviews the remuneration package annually taking into consideration of the market practice, competitive market position and individual performance.

Meeting of the Remuneration Committee shall be held at least once a year. 2 meetings were held during the year ended 31 March 2018 concerning the determination of remuneration of the Directors. The attendance of each member is set out as follows:

Remuneration Committee	**Meeting attended/Eligible to attend**
Mr. Tse Chi Wai *(Chairperson)* (appointed on 5 January 2018)	0
Dr. Zhu Zhengfu (appointed on 5 January 2018)	0
Dr. Li Yifei (appointed on 5 January 2018)	0
Mr. Leung Chi Wai (resigned on 12 January 2018)	2
Mr. Cheung Man Tim (resigned on 12 January 2018)	2
Mr. Seid Ka Him (resigned on 12 January 2018)	2

AUDITORS' REMUNERATION

The Audit Committee of the Group is responsible for considering the appointment and re-election of external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect to the Group. KTC Partners CPA Limited has been appointed as the new auditor of the Group with effect from 2 May 2018 to fill the causal vacancy following the resignation of HLB Hodgson Impey Cheng Limited. The statement of the external auditors of the Group regarding their reporting responsibilities for the consolidated financial statements of the Group is set out in the Independent Auditors' Report on pages 38 to 41 of this annual report.

Annual audit fees of the financial statements of the Group for the year payable to the external auditors, KTC Partners CPA Limited, were approximately HK$800,000.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the establishment, maintenance and review of the Group's risk management and internal control systems. The Board must ensure that the Company establishes and maintains effective risk management and internal control systems to meet the objectives and safeguard the interests of the Shareholders and the assets of the Company.

The Board oversees the Group's the overall risk management and internal control systems on an ongoing basis. At the same time, the Group endeavors to identify risks, control impact of the identified risks and facilitate implementation of coordinated mitigating measures. The risk management and internal control systems which are compatible with the Committee of Sponsoring Organisations of the Treadway Commission (COSO) – Integrated Framework 2013 principles. They are designed to manage rather than eliminate the risk of failures in order to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has established a risk management policy which sets out the process of identification, evaluation and management of the principal risks affecting the business.

1. Each division is responsible for identifying and assessing principal risks within its divisions on a quarterly basis and establishing mitigation plans to manage the risks identified;

2. The senior management is responsible for overseeing the Group's risk management and internal control activities, attending quarterly meetings with each division to ensure principal risks are properly managed, and new or changing risks are identified and documented;

3. The Board is responsible for reviewing and approving the effectiveness and adequacy of the Group's risk management and internal controls systems.

The risk management framework, coupled with our internal controls, ensures that the risks associated with different business units are effectively controlled in line with the Group's risk appetite.

The Group does not have an internal audit department. The Group has conducted an annual review on whether there is a need for such an internal audit department is required. Given the Group's relatively simple corporate and operation structure, as opposed to diverting resources to establish a separate internal audit department, the Board, as supported by the Audit Committee, is directly responsible for risk management and internal control systems of the Group and for reviewing its effectiveness. Nevertheless, the Group engaged an external consultant, CT Partners Consultants Limited, for internal control to conduct review on the internal control system of the Group during the year. The review covers certain procedures in the provision of concrete placing services and other ancillary services, and make recommendations for improving and strengthening the internal control system. No significant area of concern that may affect the financial, operational, compliance, control and risk management of the Group has been identified.

The Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. The Board has the overall responsibility to maintain the adequacies of resources, staff qualifications and experience training programs and budget of accounting and financial reporting function and the Board concluded that the Group's risk management and internal control systems were in place and effective.

With respect to the monitoring and disclosure of inside information, the Group has adopted a policy on disclosure of insider information with the aim to ensure the insiders are abiding by the confidentiality requirement and are fulfilling the disclosure obligation of the inside information.

COMPANY SECRETARY

The Company has engaged Ms. Lee Eva as the company secretary. In compliance with rule 3.29 of the Listing Rules, Ms. Lee Eva has confirmed that she has undertaken no less than 15 hours of relevant professional training during the year in compliance with Rule 3.29 of the Listing Rules. Her biographical details are set out in the section headed "Biographies of Directors and Senior Management".

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge and understand their responsibility for preparing the consolidated financial statements of the Group and to ensure that the consolidated financial statements of the Group are prepared in a manner which give a true and fair view of the state of affairs of the Group on a going concern basis and are in compliance with the relevant accounting standards and principals, applicable laws and disclosure provisions required of the Listing Rules. In presenting the consolidated financial statements, announcements and other financial disclosures required under the Listing Rules, the Directors aim to present a balanced, clear and understandable assessment of the position and prospects of the Group. The Directors are of the view that the financial statements of the Group for the year has been prepared on this basis. The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the external auditors of the Group regarding their reporting responsibilities for the consolidated financial statements of the Group is set out in the Independent Auditors' Report on pages 38 to 41 of this annual report.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders and potential investors is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company has adopted the shareholders' communication policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company (including the financial performance, strategic goals and plans, material development, governance and risk profile). The Company also recognises the importance of timely and non-selective disclosure of information, which will enable shareholders and potential investors to make the informed investment decisions.

To promote effective communication, the Company maintains the website at www.chongkin.com.hk, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Latest information on the Group including annual and interim reports, announcements and other corporate communications which will be sent to Shareholders and/or published are updated on the websites of the Stock Exchange (www.hkexnews.hk) and the Company's website in a timely fashion.

The forthcoming AGM of the Company will be held on Friday, 31 August 2018. The notice of the AGM, setting out details of each proposed resolutions, voting procedures and other relevant information, will be sent to shareholders at least 20 clear business days before the AGM.

SHAREHOLDERS' RIGHTS

General meeting

The general meeting of the Company provides an opportunity for communication between the Shareholders and the Board. The Chairman of the Board as well as chairpersons of the Audit Committee, Nomination Committee and Remuneration Committee, or in their absence, their duly appointed delegates are available to answer questions at the Shareholders' meetings. The auditor of the Company is also invited to attend the Company's AGM and is available to assist the Directors in addressing queries from the Shareholders relating to the conduct of the audit and the preparation and contents of the Independent Auditors' Report. Separate resolutions are proposed at the AGM on each substantial issue, including the election of the individual Directors.

At any general meeting, a resolution put to the vote of the meeting shall be decided by poll save that the Chairman of the meeting may, pursuant to the Listing Rules, allow a resolution be voted by a show of hands, in accordance with Article 72 of the Articles of Association of the Company. The Chairman will explain such rights and procedures during the AGM before voting on the resolutions.

Pursuant to Article 64 of the articles of association of the Company, Shareholders can make a requisition to convene an extraordinary general meeting ("**EGM**"). The procedures for the Shareholders to convene an EGM are as follows:

(1) any one or more Shareholders (the "**Requisitionist**") holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the company secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition.

(2) 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 Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) shall be reimbursed by the Company.

Procedures for putting forward proposals at shareholders' meeting

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group at shareholders' meeting. Proposals shall be sent to the Board or the company secretary by written requisition of his/her proposal (the "**Proposal**") together with his/her detailed contact information to the Company Secretary at the Company's principal place of business in Hong Kong at Office B, 31st Floor, Billion Plaza II, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong in the manner as set out above.

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

The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

– at least 21 days' notice in writing if the Proposal requires approval by way of a special resolution of the Company in an EGM or resolution of the Company in an AGM.

– at least 14 days' notice in writing if the Proposal requires approval in any other EGM.

Shareholders' enquiries

For matters in relation to the Board, Shareholders may send their enquiries and concerns to the Board by addressing them to the company secretary or relevant personnel by mail to the Company's principal place of business in Hong Kong at Office B, 31st Floor, Billion Plaza II, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong. (Tel: (852) 2361 4880 Fax: (852) 2361 4891)

For share registration related matters, such as share transfer and registration, change of name or address, loss of share certificates or dividends warrants, the registered Shareholder can contact:

Branch Share Registrar and Transfer Office in Hong Kong
Tricor Investor Services Limited
Address: Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2810 8185

CONSTITUTIONAL DOCUMENTS

During the year, there is no change in the Company's constitutional documents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

Chong Kin Group Holdings Limited (the "**Group**") is a leading concrete services provider in Hong Kong. The long-established service we offer is undertaking concrete placing works as a subcontractor for both public and private sector projects. The Group principally provide concrete placing and other ancillary services as a subcontractor for public sector projects, including building and infrastructure related projects, and private sector projects, mostly building-related projects in Hong Kong.

The Group has adopted both high quality and environmental management system models for its services, which have been assessed and certified by Fugro Certification Services Limited as meeting the requirements of International Organisation for Standardisation (ISO) 9001:2008 and ISO 14001:2015. The Group meets requirements for occupational health safety management systems developed for managing health and safety risk associated with a business. In this regard, the Group has been certified as complying with Occupational Health and Safety Assessment Specification (OHSAS) 18001:2007. In response to the growing awareness of environmental protection in the construction industry and society in general, the Group constantly endeavours to operate its business in an economic, social and environmentally sustainable manner. The Group recognises the importance of integrating ESG aspects into its risk management system, and has taken corresponding measures in its daily operations and governance policies.

ABOUT THIS REPORT

This report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" (the ESG Guide) of the Hong Kong Stock Exchange set out in Appendix 27 of its Listing Rules. It aims to inform relevant parties and stakeholders of the policies, measures and performance of the Group with regard to Environmental, Social and Governance (ESG) issues. Unless otherwise stated, the content of this report covers the Group. The Group will continue to assess different businesses in ESG terms to determine whether they need to be included in the ESG reporting.

The Group is committed to compliance with laws and regulations in relation to environmental and social responsibilities that have a significant impact on the Group. The Group prioritises the strengthening of governance based on corporate social responsibility. The Group is committed to promoting the sustainable development of the Group, and to creating and sharing sustainable values with stakeholders in the economic, social and environmental fields.

I. ENVIRONMENTAL

I.1 Emissions

The Group complies with the following environmental protection laws of Hong Kong covering greenhouse gas and water emissions, solid waste management and noise pollution, and has obtained various international certifications to underscore its environmental commitment in the development of its business in a sustainable manner. In addition, the Group follows policies to promote efficient use of energy to lower costs and emissions. In its endeavours to reduce emissions of air pollutants and noxious odours from our construction activities, the Group complies with the Air Pollution Control Ordinance (Cap.311, Laws of Hong Kong) and other relevant environmental legislation. Machines of the Group have obtained approval and are duly labelled (or have been exempted) as Non-road Mobile Machinery (NRMM) by the Environmental Protection Department (EPD) under the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation.

The Group has established an environmental management system in compliance with the internationally accepted ISO 14001 standard, the scope of which includes constant review of existing works, planning and implementation of new initiatives, progress monitoring and pursuit of advancement, with the aim of maximising the effectiveness of energy-saving as well as reducing emissions and waste. The greenhouse gas (GHG) emissions of the Group were mainly generated by purchased electricity and fuels consumed for business operations. The Group always aims to reduce waste and minimise the consumption of electricity to address GHG emission issues. Hence, the Group has implemented various energy-saving measures, and have opted for more energy efficient fuel, Shell Fuelsave Diesel, for most of its machinery and vehicles. During the reporting period, the Group's sulphur oxide emissions from consumed fuels totalled 165 g. As the Group's emissions were substantially caused by the usage of equipment and self-owned vehicles, our mitigation strategy is significantly dependent on these sources. All construction works must comply with the Air Pollution Control Ordinance and its subsidiary regulations, particularly the Air Pollution Control (Construction Dust) Regulation and Waste Disposal Ordinance. Under the amendment of the Air Pollution Control Ordinance (Cap.311, Laws of Hong Kong) in 2008 by the EPD, the Group has used regulated machines with approved labelling in a prescribed format issued by EPD at its sites to ensure the machines were compliant with the prescribed emission standards.

To reduce carbon dioxide emissions, the Company has strictly controlled total energy consumption and adjusted its energy utilisation structure, to cut down on use of energy with high carbon dioxide content. In this regard, the Group has implemented a number of measures to reduce energy consumption, such as ensuring turning off of air-conditioning at night or when leaving the office, keeping the office temperature at 25ºC in summer and replacement of conventional lighting in the office with LED or energy-saving units. The Group issues environment-related memoranda to its staff to raise awareness of environmental preservation. Notices and posters relating to environmental information have been placed in offices, to promote best practice in environmental management.

During the reporting period, the Group was not aware of any material non-compliance with laws or regulations relating to air pollution and GHG emissions or generation of hazardous and non-hazardous waste that could have a significant impact on the Group. The Group's GHG sources are mainly fuels used in vehicles and electricity used in offices. During the reporting period, the GHGs emitted by the Group amounted to 49.70 tonnes, carbon dioxide equivalent.

Carbon Emissions data during the reporting period:

Type of Emission	**Unit tonne**
Scope 1 – Direct emissions from fuels used in vehicles	26.75 tonnes
Scope 2 – Indirect emissions from purchased electricity	22.95 tonnes
Total GHG Emission	49.70 tonnes

I.2 Waste Management

The Group upholds environmentally friendly standards in treating waste within its business operations. Wastes are appropriately managed on-site. Waste handling, transportation and disposal procedures are managed by the main contractor of the construction project, to ensure the waste management process is environmentally acceptable and in full compliance with statutory and contractual requirements. Waste management plan of the Group covers our daily working activities with regard to the categories of Reduction, Avoidance, Recycling and Reusing and Disposal. Therefore, these key performance indicators (KPIs) are not significant to the Group's operation, and have not been disclosed in this report. Apart from site waste, we also focus on reducing waste in the office environment. As paper is our major source of office waste, we promote the use of electronic communications, and also encourage employees to reuse and recycle waste paper to reduce the need for paper. The Group produced 1.1 tonne of waste paper in its operations during the reporting period. In light of the nature of its business, the Group rarely generates hazardous waste or packaging materials. Accordingly, the relevant key performance indicators were not applicable to the Group. During the reporting year, the Group did not encounter any non-compliance issue regarding emissions that could have a significant impact on the environment.

I.3 Use of Resources

The Group is committed to using energy in an efficient way and minimising any energy waste resulting from business activities. The Group endeavours to promote sustainable construction methods, so as to make better use of resources and reduce material consumption and construction waste. The Group also pays close attention to changes in related environmental requirements, and refer to international environmental standards and procedures in managing its business. As for office operations, electricity is the major resource we consume during our work. We have developed the following energy-saving principles and approaches: elimination of all unnecessary energy consumption, by switching off all idle office equipment, lighting and air-conditioning; avoidance of unnecessary printing and copying; reduction of paper consumption; recycling of office waste paper and other office supplies; and raising the energy conservation awareness of employees.

The total consumption by the Group was 36,425 kWh. Resource usage in construction works is irrelevant to its business operations, as those resources were supplied directly by the main contractor, and, therefore, the relevant KPI is not applicable to the Group. At the same time, water supply and discharge are managed by the building manager. As a result, provision of water withdrawal and discharge data is not feasible for this report. Although those natural resource key performance indicators are insignificant for us, we insist that energy saving is considered the responsibility of every staff member in the organisation, and that all staff follow and uphold energy policy in the performance of their tasks.

I.4 The Environment and Natural Resources

With its commitment to a development path of environmental protection and sustainability, the Group has always taken environmental protection measures in the process of design, development and operation of each and every project. As a construction business, the Group's environmental impact in the course of business development only includes solid vegetation waste and construction waste within the scope of construction. Each project of the Group has special personnel to oversee operations and ensure that construction waste can be processed in a timely and effective manner. The Group also protects green environments within the scope of construction through a good line design.

With a view to minimising environmental impact, the Group regularly monitors the potential impact of its business operations on the environment, and promotes green office and production environments through four basic principles: reducing, reusing, recycling and replacing. At the same time, the Group authenticates the effective use of resources each year, to ensure that such effective resource use can be improved continuously. The Group has also engaged the Hong Kong Quality Assurance Agency to conduct regular authentication of its ISO 14001 certification for waste management and resource provision in our construction works.

During construction works, the operation of machinery and equipment and the construction processes create noise, which may affect people nearby. The Group strictly implement the guidelines regarding construction noise pollution by our main contractors and comply with the Noise Control Ordinance (Cap.400, Laws of Hong Kong). Under the Ordinance, all constructions activities are controlled by means of a system of Construction Notice Permit ("**CNP**") by the EPD. In addition, the carrying out of general construction works using powered mechanical equipment is prohibited between 7 p.m. and 7 a.m. and at any time on a general holiday, including Sunday. unless a valid CNP is in force. In its daily operations, the Group seeks to minimise significant impact on wastewater pollution. Based on guidelines from main contractors, the Group has set up a wastewater collection basin at each construction site for wastewater handling. In addition, wastewater treatment facilities have also been set up for each site, to discharge any wastewater.

II. SOCIAL

II.1 Valuing our People

Acknowledging that its employees' contributions and commitment drive its dynamic achievements, the Group aims at providing a great working environment. The Group has established a series of internal guidelines setting out policies for employment, promotion, dismissal and anti-discrimination, to ensure that employees of different ages, positions, genders and nationalities can enjoy a fair and healthy work environment, where they feel valued and encouraged. The Group offers competitive remuneration packages, training programmes and career development opportunities to motivate them to realise their own best interests. Additionally, the Group prohibits any forms of forced labour, child labour and employment of illegal workers at any workplaces, and are committed to complying with relevant laws and regulations by requiring that applicants produce valid identification documents to ensure they are of legal working age, to prevent recruitment of child labour or illegal workers.

In light of the nature of the industry, the Group employs mostly male and short-term employees for carrying out construction work. The composition of our staff, as at 31 March 2018, is shown in the following figures.

During the year, the Group employed a total of 564 staff, including office and site staff. All its staff members are located in Hong Kong, as business of the Group is there. Given the nature of the construction business, the Group tends to employ male and short-term employees. As a result, the majority of its employees are junior level staff. For the purposes of recruitment and promotion, candidates are evaluated based on their qualifications and experience. Employees who have demonstrated outstanding performance are regularly recognised and selected for promotion, Staff handbook of the Group is a reliable guide issued to all staff for reference pertaining to office rules and benefits such as typhoon arrangements, annual leave, working hours, office attire, jury duty, salary and lunch hours as well as other rules and benefits. The Group provides employees with health and safety and other developmental training. The Group encourages its employees to attend training courses and obtain professional qualifications. The Group also provides various kinds of training for its staff members, including induction, vocational and computer training, so that they can understand the Group's business model and enhance their basic skills. The Group rigorously complies with the relevant laws and legislation such as the Employment Ordinance (Cap.57), Employees' Compensation Ordinance (Cap.282), Personal Data (Privacy) Ordinance (Cap.486), Sex Discrimination Ordinance (Cap.480) and Disability Discrimination Ordinance (Cap.487) of the Laws of Hong Kong. During the reporting period, the Group is not aware of any incidents of non-compliance with laws or regulations with significant impact on the Group's employment and labour practices relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare, and child and forced labour.

II.2 Health and Safety

The Group recognises the importance of maintaining a safe, effective and congenial working environment, and of policies to provide sufficient protection for our staff. The Group has put various occupational health and safety measures and programs in place, and regularly perform checks on working environment, staff health and wellbeing, and facilities. Briefings, training and notifications are provided to its employees to raise their awareness and to refresh their knowledge and practical competence in health and safety matters. The Group has obtained OHSAS 18001:2007 certification and has complied with Occupational Safety and Health Ordinance (Cap.509, Laws of Hong Kong) and other relevant requirements. The Group is committed to maintaining an effective work environment and providing sufficient protection to our staff; our Registered Safety Officer and Safety Supervisors regularly perform checks on the work environment and staff facilities at different construction sites. They carry out site inspections on a regular basis, and rectify any breaches and unsafe conditions if found; and ensure safety precautions through briefings and guidelines to promote and enhance safe practices. The Group maintains a list of relevant occupational and health safety hazards, based on analysis of its services and works carried out, inspection reports and incident reports. Upon identification of a potential hazard, a risk assessment is carried out to designate certain potential hazards as significant. Particular attention is paid to significant hazards during its formulation and implementation of controls. The list of potential hazards is reviewed, and changes are updated on an annual basis. As at 31 March 2018, the Group had noted 25 work injury incidents, and all 25 cases had been reported to The Labour Department of Hong Kong. As a result, the Group has provided instructions to workers to strengthen safety awareness and ensure that a safe working environment is maintained. During the year, the Group is pleased to report that no work-related fatalities have occurred.

II.3 Training and Development

Staff training is always regarded as a worthwhile long-term investment for the Group. Consequently, safety training is a major preventative measure for addressing health and safety risk. Training sessions, lectures and seminars at different levels are held for groups of employees according to their roles, responsibilities and educational level, to ensure awareness of job hazards and conformity to safety practices. Training courses and measures are reviewed and regularly reported to the management by the safety officer. Newly joined staff must attend the vocational training and toolbox meeting for relevant occupational safety, health registration and emergency planning provisions. For its existing staff, the Group regularly provide job-related training to strengthen their professional knowledge and skills in daily operations and safety matters. These measures are to ensure that it is safe for its staff members to carry out their daily duties and to provide a safe working environment and protect its employees from hazards. During the reporting period, the total of hours spent by its employees in training was 167.5 hours. The Group aims to create an environment of continuous learning, to facilitate development of careers and provision of knowledge and skills for better fulfillment of roles and responsibilities.

III. OPERATING PRACTICES

III.1 Supply Chain Management

The Group has developed a policy for procedures for selecting and monitoring subcontractors, suppliers and service providers, based on their performance in respect of environmental management. The Group is certified as meeting ISO 9001:2008 quality management system standards. This stipulates that detailed regulations must be incorporated into the quality manual, procedures manual and quality plan. We ensure that materials and services are sourced from our approved list. The Group considers the background and previous experience of the suppliers and sub-contractors, quality of product or services delivered, prevailing market prices, delivery times, financial stability and reputation when selecting new suppliers or sub-contractors. We also consider whether our suppliers follow the environmental requirements of the EPD, as well as ensure stable and reliable services and products delivered in a sustainable way.

III.2 Product Responsibility

The Group's main area of business is foundation engineering. The quality of the foundation directly affects a building's safety. Therefore, building stable and reliable foundations is the Group's primary responsibility. The Group has obtained ISO 9001:2008 Quality Management Systems certification. This is an internationally recognised qualification relating to product quality and quality management systems. There are quality principles relating to customer focus, leadership, engagement of people, process approach, improvement, evidence-based decision-making and relationship management. In particular, as a responsible corporate, the Group commits strongly to ensuring the health and safety of operators and users. During the construction, the Group exercises stringent control over workers and suppliers and machineries. Normally, we check on quality, for any observable defects and malfunctions. During the reporting period, the Group has not identified any non-compliance with the relevant laws and regulations in respect of product liability.

III.3 Anti-Corruption

The Group makes every effort to prevent corruption. To prevent misconduct and corruption within the Group and its operations, the Group has a Group-wide Code of Conduct in place. The Code of Conduct elaborates in detail on the prevention of bribery, fraud, corruption, conflicts of interest and gambling. We also require our employees to declare any conflict of interest, to avoid any possible such conflict with sub-contractors or suppliers, and we arrange seminars for our employees presented by the Independent Commission Against Corruption. As at 31 March 2018, the Group was in compliance with the relevant rules and regulations preventing bribery, extortion, fraud and money laundering. We were not aware any breach of laws and regulations within the Group.

III.4 Community Support

The Group is committed to building a better community, looking beyond the construction business. The Group seeks to support various charitable activities and contribute to society by means of donations, sponsorships, and voluntary commitments. Therefore, we actively support the development of charities. During the reporting period, we donated a total of HK$200,000 to support Construction Charity Fund and its operations, and the Construction Industry Charity Concert 2017. To fulfil our social responsibility as a construction company, the Group continues to seek opportunities to serve the community, in ever wider areas of social concern.

The Board is pleased to present their annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2018 (the "**Financial Statements**").

PRINCIPAL PLACE OF BUSINESS

The Company was incorporated in the Cayman Islands with limited liability on 31 May 2016. The Company is domiciled in Hong Kong and has a principal place of business at Office B, 31st Floor, Billion Plaza II, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiaries are set out in Note 13 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW

A review of the business review and outlook of the Group during the year are set out in the section headed "Management Discussion and Analysis" on pages 4 to 7 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 42 of this annual report.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Friday, 31 August 2018, the register of members of the Company will be closed from Wednesday, 29 August 2018 to Friday, 31 August 2018, both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 28 August 2018.

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operation, business and prospects may be affected by a number of risks and uncertainties. The followings are the key risks and uncertainties identified by the Group relating to its business:

The Group has concentrated customer base and any decrease in the number of projects with the Group's five largest customers would adversely affect the Group's operations and financial results

A significant portion of the Group's revenue was derived from a small number of customers during the financial year ended 31 March 2018. The Group's five largest customers' revenue contribution for the year was approximately 80.1% (2017: 83.1%) of our revenue while the Group's largest customer accounted for approximately 34.3% (2017: 33.8%) of its revenue. The Group did not enter into any long-term service agreement or master service agreement with its customers. Furthermore, the Group's service contracts for all concrete placing works are awarded through tendering and entered into on a project-by-project basis. Due to its non-recurring nature, there is no assurance that the Group will be able to retain its customers upon expiry of the contract period or that they will maintain their current level of business with the Group in the future. If there is a significant decrease in the number of projects or size of projects in terms of contract sums awarded by the Group's five largest customers to the Group for whatever reasons, and if the Group is unable to obtain suitable projects of a comparable size and quantity as replacement, the Group's financial conditions and operating results will be materially and adversely affected. Besides, if any of the Group's five largest customers experiences any liquidity problem, it may result in delay or default in settling progress payments to the Group, which in turn will have an adverse impact on our cash-flows and financial conditions. The Group cannot guarantee that it will be able to diversify our customer base by obtaining significant number of new projects from its existing and potential customers.

Error or inaccurate estimation of project duration and the costs when determining the tender price or increase in construction costs may adversely affect the Group's profitability or result in substantial loss incurred by the Group

The Group's concrete placing and ancillary service projects are awarded through a competitive tendering process. The Group determines a tender price by estimating its operating costs under the contract duration as specified in the tender invitation documents. There is no assurance that tenders submitted by the Group contain no mistake and error. Such mistakes and errors may be in the form of inaccurate estimation, oversight of important tender terms, inadvertent typographical errors, errors in calculations, etc. Further, the Group's operating costs may increase due to inflation of raw materials and labour costs. In case of contracts awarded to the Group with mistakes or errors in the submitted tender or if there is a substantial increase in raw material and labour costs, the Group's profitability in a project might be adversely affected or the Group may be bound by the contract to undertake the project at a substantial loss.

Inaccurate estimation on project schedule, project costs and technical difficulties in the tendering process may result in cost overruns when the Group actually executes the awarded project. Many factors affect the time taken and the costs actually involved in completing concrete placing projects undertaken by the Group. Examples of such factors include shortage and cost escalation of labour and materials, adverse weather conditions, variations to the construction plans instructed by customers, stringent technical construction requirements, threatened claims and material disputes with main contractors, subcontractors and suppliers, accidents, and changes in the Government's policies. Other unforeseen problems or circumstances may also occur during project implementation. If any of such factors arises and remains unresolved, completion of construction works may be delayed or we may be subject to cost overruns or the Group's customers may even be entitled to unilaterally terminate the contract.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 15 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries during the year are set out in Note 13 to the consolidated financial statements.

SHARE CAPITAL

The Company's total issued share capital as at 31 March 2018 was 764,800,000 ordinary Shares of HK$0.01 per Share.

Details of movements during the year in the share capital of the Company are set out in Note 21 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 45 of this annual report.

As at 31 March 2018, the Company has reserves amounted to approximately HK$222.9 million available for distribution (2017: HK$190.9 million).

DIRECTORS

The Directors who held office during the year and up to the date of this annual report are:

Executive Directors

Mr. Zhang Jinbing *(Chairman and Chief Executive Officer)* (appointed on 5 January 2018)
Mr. Ni Biao (appointed on 8 June 2018)
Mr. Cheung Yuk Kei *(Chairman)* (resigned on 12 January 2018)
Mr. Cheung Man Tim *(Chief executive officer)* (resigned on 12 January 2018)
Mr. Fung Chi Chung (resigned on 12 January 2018)

Non-executive Directors

Mr. Poon Chiu Kwok (appointed on 5 January 2018 and resigned on 6 June 2018)

Independent non-executive Directors

Mr. Tse Chi Wai (appointed on 5 January 2018)
Dr. Zhu Zhengfu (appointed on 5 January 2018)
Dr. Li Yifei (appointed on 5 January 2018)
Mr. Miu Hon Kit (resigned on 12 January 2018)
Mr. Leung Chi Wai (resigned on 12 January 2018)
Mr. Seid Ka Him (resigned on 12 January 2018)

DIRECTORS' SERVICE CONTRACT

Each of the executive Directors has entered into a service contract with the Company for a term of two years commencing from their respective dates of appointment, unless terminated by not less than one month's notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into an appointment contract with the Company for a term of two years commencing from their respective dates of appointment.

Save as disclosed above, none of the Directors, including those to be re-elected at the forthcoming annual general meeting, has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2018, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code, notified to the Company and the Stock Exchange were as follows:

Long position in the Shares

Name of Director	Capacity/Nature	Number of Shares held/ interested in	Percentage of shareholding
Mr. Zhang Jinbing	interests in controlled corporation *(Note)*	573,600,000	75%

Note:

These 573,600,000 Shares are held by Prestige Rich Holdings Limited ("**Prestige Rich**"). Mr. Zhang Jinbing beneficially owns the entire issued share capital of Prestige Rich, which in turn beneficially owns 75% of the shareholding in the Company. Mr. Zhang Jinbing is the chairman, an executive Director and the chairperson of the Nomination Committee. Mr. Zhang Jinbing is also a director of Prestige Rich.

Substantial shareholders' interests and short positions in Shares and underlying Shares

As at 31 March 2018, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares held/interested in	Percentage of shareholding
Prestige Rich	Beneficial owner	573,600,000	75%

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed under the sections headed "Share Option Scheme" and "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" in this report, at no time during the year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or and any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

DIRECTORS' AND CONTROLLING, SHAREHOLDERS INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

During the year, there were no connected transactions or continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under the Listing Rules.

Save as disclosed under the "Related Party Transactions" in Note 29 to the consolidated financial statements, there were no transaction, arrangement or contract of significance, to which the Company any of its subsidiaries, its parent company, or its parent company's subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, whether directly and indirectly, subsisted as at 31 March 2018 or any time during the year, nor was there any other transaction, arrangement or contract of significance in relation to the Group's business between the Company or any of the Company's subsidiaries and a controlling shareholder or any of its subsidiaries.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the articles of association of the Company, every Directors shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Company has maintained appropriate directors' and officers' liability insurance and such permitted indemnity provision for the benefit of the Directors currently in force.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for approximately 18.11% and 58.9% (2017: 18.9% and 51.4%) respectively of the Group's total purchases for the year. Revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for approximately 34.3% and 80.1% (2017: 33.8% and 83.1%) respectively of the Group's total revenue for the year.

To the best of the Directors' knowledge, none of the Directors or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) and their respective close associates had any material beneficial interest in the Group's five largest customers and suppliers.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

Employees

The Group recognises employees as its valuable assets. The Group provides competitive remuneration package to attract, motivate and retain appropriate and suitable personnel to serve the Group. The Group has also adopted an annual review system to assess the performance of its staff, which forms the basis of the Group's decisions with respect to salary raises and promotions.

Customers

A majority of the Group's five largest customers have long-standing business relationship with the Group for a period ranging from approximately one to 15 years and the Group will therefore endeavor to accommodate their demands for the Group's services to the extent its resources allow in order to capture more opportunities for larger scale projects in the future. The Group's experience as a quality subcontractor in handling foundation works and construction wastes handling projects also give business advantage to the Group's customers to ensure projects are executive in accordance with their quality standard.

Suppliers and subcontractors

The Group encompasses working relationships with suppliers and subcontractors to meet the Group's customers' needs in an effective and efficient manner. The Group has set up an approved list of suppliers and it selects the suppliers from the list based on the quality of materials, timeliness of delivery, previous experience and length of partnership with the supplier, competitiveness of the price offered and reputation of the supplier.

Subject to the Group's capacity, resources level, types of construction works, cost effectiveness and complexity of the projects, the Group may subcontract certain works to other subcontractors. The Group maintains an internal list of approved subcontractors and carefully evaluate the performance of its subcontractors and selects them based on the experience, quality of works, timeliness of completion for past projects, reputation in the industry, past performances, cost and the Group's relationship with them.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed minimum public float under the Listing Rules during the year.

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

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the year.

NON-COMPETITION UNDERTAKING

In order to avoid any possible future competition between our Group and Mr. Cheung Yuk Kei, Mr. Chan Yiu Hung and Pioneer Investment being the former controlling shareholders ("**Former Controlling Shareholders**") of the Company (Mr. Cheung Yuk Kei, Mr. Chan Yiu Hung and Pioneer Investment ceased to become controlling shareholders of our Group on 29 November 2017 upon completion of the share purchase agreement dated 29 November 2017 entered into between Pioneer Investment as vendor, Mr. Cheung Yuk Kei and Mr. Chan Yiu Hung as guarantors of Pioneer Investment, Prestige Rich as purchaser and Mr. Zhang Jinbing as guarantor of Prestige Rich in relation to the sale and purchase of 573,600,000 Shares, representing 75% of the entire issued share capital of our Company) and their respective close associates, each of the Former Controlling Shareholders entered into a deed of non-competition ("**Deed of Non-competition**") with our Company (for itself and for the benefit of each other member of our Group) on 27 September 2016. Pursuant to the Deed of Non-competition, each of the Former Controlling Shareholders has irrevocably and unconditionally undertaken to the Company (for itself and as trustee for its subsidiaries) that, as long as the Deed of Non-competition remains effective, he/it shall not, and shall procure his or its close associates (other than any member of the Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether on its own account or with each other or in conjunction with or on behalf of any person or company or otherwise, the development, participation, management and operation of any business which in competition with or likely to be in competition whether directly or indirectly, with the existing business activity of any member of the Group or such other business activity the Group may engage from time to time in future.

It is provided for under the Deed of Non-competition that it terminated on 29 November 2017 when the Former Controlling Shareholders together with his/its close associates, whether individually or taken together, ceased to be interested in 30% (or such other amount as may from time to time be specified in the Listing Rules as being the threshold for determining a controlling shareholder of a company) or more of the voting shares of our Company.

The Former Controlling Shareholders have confirmed to the Company of their compliance with the Deed of Non-competition for disclosure in this annual report during the year up to 29 November 2017.

All the independent non-executive Directors are delegated with the authority to review the Deed of Non-competition given by the Former Controlling Shareholders. As confirmed by way of confirmation by each of the Former Controlling Shareholders, the independent non-executive Directors were not aware of any non-compliance of the Deed of Non-competition during the year up to 29 November 2017.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or their respective close associates is or was interested in any business apart from the Group's business that competes or competed or is or was likely to compete, either directly or indirectly, within the Group's business at any time during the year and up to the date of this annual report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the sole shareholder of the Company on 27 September 2016, the Company adopted a share option scheme (the "**Share Option Scheme**") with effect from 27 September 2016. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules and are summarised in the Prospectus. The main purpose of the Share Option Scheme is to motivate employees to optimize their performance efficiency for the benefit of the Company, to attract and retain high quality staff, to provide additional incentive to employees (full time or part time), directors, consultants or advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote success of the business of the Group.

The total number of Shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point in time, without prior approval from the Shareholders. The number of Shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the Shareholders. Options granted to substantial shareholders or independent non-executive Directors or any of their respective close associates (including a discretionary trust whose discretionary objects include substantial shareholders, independent non-executive Directors, or any of their respective close associates) in any 12-month period in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Shareholders.

Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK$1 per option. Options may be exercised at any time during a period as the Directors may determine which shall not exceed ten years form the date of grant. The exercise price is determined by the Directors, and will be at least the higher of (i) the closing price of the Shares on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share.

The Share Option Scheme will remain in force for a period of ten years commencing on the date of the adoption date (i.e. 27 September 2016) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless otherwise terminated earlier by the Shareholders in general meeting.

No share options had been granted under the Share Option Scheme since the adoption of the Scheme. During the period between the Listing Date and the date of this annual report, no share option has been granted, exercised, cancelled or lapsed. As at the date of this annual report, the total number of shares available for issue under the Share Option Scheme was 76,480,000, representing 10% of the entire issued share capital of the Company. Details of the Share Option Scheme are set out in Note 22 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to the Share Option Scheme, no equity-linked agreements were entered into for the year.

BORROWINGS

Details of bank borrowings of the Group as at 31 March 2018 are set out in Note 23 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the memorandum and articles of association of the Company and there was no restriction against such rights under the laws of Cayman Islands, which would oblige the Company to offer new Share on a pro-rata basis to the existing Shareholders.

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes are set out in Note 8 to the consolidated financial statements.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

The emoluments of the Directors and senior management of the Group are determined by the Remuneration Committee of the Company with reference to their relevant qualifications, experience, competence and the prevailing market conditions. None of the Directors waived or agreed to waive any emoluments during the year.

Senior management's remuneration of the Group during the year falls within the following bands:

	No. of individuals
Nil to HK$2,000,000	1
HK$2,000,001 to HK$3,000,000	1

Details of the emoluments of the Directors and the five highest paid individuals of our Group during the year are set out in Note 9 to the consolidated financial statements.

EMOLUMENT POLICY

Remuneration Committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

The Company has adopted share option schemes as incentive to eligible employees, details of the schemes are set out in the section headed "Share Option Scheme".

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" on pages 12 to 23 of this annual report.

FINAL DIVIDEND

The Board has resolved not to declare any final dividend for the year (2017: Nil).

AUDIT COMMITTEE

The Audit Committee had reviewed, together with the management and external auditor, the accounting principles and policies adopted by the Group and the audited consolidated financial statement for the year.

AUDITORS

The consolidated financial statements of the Group for the year ended 31 March 2018 has been audited by KTC Partners CPA Limited. KTC Partners CPA Limited will retire as auditor of the Company and, being eligible, offer themselves for re-appointment. A resolution for the reappointment of KTC Partners CPA Limited as auditor of the Group will be proposed at the annual general meeting.

ENVIRONMENTAL POLICIES

The Group's operations at work sites are subject to certain environmental requirements pursuant to the laws in Hong Kong. The laws and regulations which have a significant impact on the Group include, among others, Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Chapter 311Z of the Laws of Hong Kong), Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), Disposal (Charges for Disposal of Construction Waste) Regulation, Dumping at Sea Ordinance (Chapter 466 of the Laws of Hong Kong, Environmental Impact Assessment Ordinance (Chapter 499 of the Laws of Hong Kong) and Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong).

In order to comply with the applicable environmental protection laws, the Group has implemented an environmental management system which was certified to be in compliance with the standard required under ISO 14001:2015 since 4 June 2016. Apart from following the environmental protection policies formulated and required by our customers, the Group has also established its environmental management policy to ensure proper management of environmental protection and compliance of environmental laws and regulations by both its employees and workers of the subcontractors on, among others, air pollution, noise control and waste disposal. During the year, we did not incur any material cost of environmental compliance.

On behalf of the Board

ZHANG Jinbing
Chairman and Executive Director

Hong Kong, 28 June 2018

KTC Partners CPA Limited
Certified Public Accountants (Practising)
和信會計師事務所有限公司

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
CHONG KIN GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Chong Kin Group Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 42 to 90, 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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTER (CONTINUED)

Key audit matter

How our audit addressed the key audit matter

Accounting for construction contract revenue, gross profit and related receivables and liabilities

We identified the revenue and profit recognition of contracting service and amounts due from customers for contract work as a key audit matter due to significant management judgements and estimation are required in the determination of the total outcome of the contracting service contracts as well as the percentage of completion of contracting service.

Our procedures in relation to construction contract revenue, gross profit and related receivables and liabilities mainly included:

- Reviewing the contract sum and budgeted costs to respective signed contracts and budgets prepared by management;
- Understanding from management about how the budgets were prepared and the respective stage of completion were determined;
- Testing the actual costs incurred on construction works;
- Obtaining the certificates issued by customers to evaluate the reasonableness of percentage of completion;
- Assessing the reliability of the budgets by comparing the actual outcome against management's estimation of completed contracts; and
- Checking the amounts due from customers for contract work by agreeing the amount of progress billings, to billings issued to customers.

Impairment assessment of loan and interest receivables

We identified the recoverability of loan and interest receivables as a key audit matter due to the use of judgement and estimates by the management in assessing the recoverability of loan and interest receivables.

As set out in Note 18 to the consolidated financial statements as at 31 March 2018, the Group's loan and interest receivables amounting to approximately HK$213,479,000 were past due because joint and several receivers have been appointed over a substantial assets beneficially owned by the borrower, which indicate an evidence for an impairment.

As disclosed in Note 18 to the consolidated financial statements, based on the current assessment by management, the Company has not provided any impairment losses in respect of those receivables.

Our key procedures in relation to the directors' impairment assessment mainly included:

- Testing of controls designed and applied in the process of approving and granting of loans and subsequent monitoring of repayment status;
- Reviewing subsequent settlements of loan and interest receivables and corroborating enquiring with the management about the reasons for not considering a provision against unsettled past-due balances;
- Assessing the value of collaterals held for the respective loans with publicly available market price; and
- Reviewing the repayment history to assess the credit-worthiness of the Group's borrowers.

OTHER INFORMATION

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

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

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

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

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism 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.

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

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

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

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

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

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

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

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

KTC Partners CPA Limited
Certified Public Accountants (Practising)

Chow Yiu Wah Joseph
Audit Engagement Director
Practising Certificate Number: P04686

Hong Kong, 28 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Revenue	*6*	**428,694**	485,646
Cost of sales		**(353,527)**	(400,398)
Gross profit		**75,167**	85,248
Other income	*6*	**11,943**	5,260
Administrative and other operating expenses		**(45,391)**	(37,211)
Operating profit		**41,719**	53,297
Finance costs	*10*	**(1,795)**	(1,275)
Profit before income tax	*7*	**39,924**	52,022
Income tax expense	*11*	**(7,898)**	(7,597)
Profit and total comprehensive income for the year attributable to owners of the Company		**32,026**	44,425
Basic and diluted earnings per share	*12*	**HK cents 4.19**	HK cents 6.32

Details of dividends are disclosed in Note 14 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*15*	**34,238**	42,326
Other deposits	*16*	**3,650**	3,572
		37,888	45,898
Current assets			
Trade and other receivables	*17*	**69,693**	61,844
Loan and interest receivables	*18*	**213,479**	–
Gross amounts due from customers for contract work	*19*	**125,329**	104,931
Current income tax recoverable		**2,145**	–
Cash and bank balances	*20*	**21,828**	105,740
		432,474	272,515
Total assets		**470,362**	318,413
EQUITY			
Capital and reserves			
Share capital	*21*	**7,648**	7,648
Reserves		**222,937**	190,911
Total equity		**230,585**	198,559
LIABILITIES			
Non-current liabilities			
Borrowings	*23*	**126,387**	797
Deferred tax liabilities	*24*	**4,622**	4,672
		131,009	5,469

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	**2018** **HK$'000**	2017 HK$'000
Current liabilities			
Trade and other payables	*25*	**40,193**	41,669
Amount due to a former director	*26*	**30,000**	–
Gross amounts due to customers for contract work	*19*	**37,778**	50,640
Borrowings	*23*	**797**	21,957
Current income tax liabilities		**–**	119
		108,768	114,385
Total liabilities		**239,777**	119,854
Total equity and liabilities		**470,362**	318,413
Net current assets		**323,706**	158,130
Total assets less current liabilities		**361,594**	204,028

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 June 2018 and signed on its behalf by:

Mr. Zhang Jinbing
Director

Mr. Ni Biao
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Share capital HK$'000 *(Note 21)*	Share premium HK$'000	Merger reserve HK$'000 *Note*	Retained earnings HK$'000	Total equity HK$'000
At 31 March 2016 and 1 April 2016	10	–	–	84,827	84,837
Profit and total comprehensive income for the year	–	–	–	44,425	44,425
The reorganisation	(10)	–	10	–	–
Shares issued pursuant to the capitalisation issue	6,514	(6,514)	–	–	–
Shares issued under share offer	1,134	78,246	–	–	79,380
Shares issuance costs	–	(10,083)	–	–	(10,083)
At 31 March 2017 and 1 April 2017	7,648	61,649	10	129,252	198,559
Profit and total comprehensive income for the year	–	–	–	32,026	32,026
At 31 March 2018	**7,648**	**61,649**	**10**	**161,278**	**230,585**

Note:

The merger reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the Reorganisation (as defined in Note 1(b) to the consolidated financial statements).

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Cash flows from operating activities			
Net cash (used in)/generated from operations	27	(201,527)	24,856
Tax paid		(10,212)	(2,476)
Interest paid on bank overdrafts		(57)	(18)
Net cash (used in)/generated from operating activities		(211,796)	22,362
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		1,185	54
Purchases of property, plant and equipment		(6,000)	(8,801)
Repayment to shareholders		–	6,148
Interest received		7	6
Net cash used in investing activities		(4,808)	(2,593)
Cash flows from financing activities			
Proceeds from share offer		–	69,297
Advance from a former director		30,000	–
Repayment of finance leases		(11,135)	(19,548)
Repayment of bank borrowings		(10,822)	(26,589)
Interest paid on finance leases		(136)	(486)
Interest paid on bank borrowings		(215)	(771)
Loan advanced by former substantial shareholder		125,000	—
Net cash generated from financing activities		132,692	21,903
Net (decrease)/increase in cash and cash equivalents		(83,912)	41,672
Cash and cash equivalents at beginning of year		105,740	64,068
Cash and cash equivalents at end of year		21,828	105,740
Analysis of cash and cash equivalents			
represented by cash and bank balances	20	21,828	105,740

1 GENERAL INFORMATION AND BASIS OF PRESENTATION

(a) General information

The Company was incorporated in the Cayman Islands on 31 May 2016 as an exempted company with limited liability and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 17 October 2016. The address of the registered office of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and the principal place of business of the Company is Office B, 31st Floor, Billion Plaza II, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in provision of concrete placing services and other ancillary services. Its parent and ultimate holding company is Prestige Rich Holdings Limited ("**Prestige**") a company incorporated in the British Virgin Islands. Mr. Zhang Jinbing is the owner and sole director of Prestige. As at 31 March 2018, the directors consider the ultimate controlling shareholder of the Company to be Mr. Zhang Jinbing.

(b) Basis of presentation

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange (the "**Reorganisation**"), the group entities were under the control of Mr. Cheung Yuk Kei ("Mr. Cheung") and Mr. Chan Yiu Hung ("Mr Chan"). Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 27 September 2016. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the years presented. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. Cheung and Mr. Chan prior to and after the Reorganisation.

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

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board on 28 June 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**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 Main Board of the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except as otherwise stated in the accounting policies below.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

2.1.1 Application of new and revised HKFRSs

For the purpose of preparing and presenting the consolidated financial statements for the years, the Group has consistently adopted the HKFRSs, Hong Kong Accounting Standards ("**HKASs**"), amendments and interpretations issued by the HKICPA that are effective for the Group's financial year beginning 1 April 2017 throughout the year.

(a) Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

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

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

Amendments to HKAS 7 Disclosure Initiative

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Application of new and HKFRSs (continued)

(a) Amendments to HKFRSs that are mandatorily effective for the current year (continued)

Amendments to HKAS 7 Disclosure Initiative (continued)

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

A reconciliation between the opening and closing balances of these items is provided in note 27(b). Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 27(b), the application of these amendments has had no impact on the Group's consolidated financial statements.

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

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

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

1 Effective for annual periods beginning on or after 1st January 2018.
2 Effective for annual periods beginning on or after 1st January 2019.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1st January 2021.

Except for the new and amendments to HKFRSs and interpretations mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HKFRS 9 Financial Instruments

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

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

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

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

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

Impairment

In general, the directors anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the directors, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 April 2018 would be increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on advances and receivable. Such further impairment recognised under expected credit loss model would reduce the opening retained profits at 1 April 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HKFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

The directors anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the Directors do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 15 is effective for annual periods beginning on/after 1 January 2018. The Group has started to assess the impact of HKFRS 15 and expects to apply HKFRS 15, in accordance with modified retrospective approach under which the cumulative effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). Based on a preliminary assessment, the directors anticipated that the application of HKFRS 15 may result in more disclosures, however, it is not expected to have significant impact on the Group’s consolidated financial statements based on the assessment on the existing contracts with customers after taking into account the above core principle.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HKFRS 16 Leases

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

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

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

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2018, the Group has non-cancellable operating lease commitments of approximately HK$554,000 as disclosed in Note 28(b). 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 measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation

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

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

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

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

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

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

2.3 Business combinations

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Investment in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less accumulated impairment, if any.

2.5 Merger accounting for common control combinations

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

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

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 or when they first came under common control, whichever is shorter.

2.6 Segment reporting

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

2.7 Foreign currency translation

(a) Functional and presentation currency

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within "Other income and net gains".

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of that reporting period;

(ii) income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

2.8 Property, plant and equipment

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment (continued)

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

– Machinery and equipment	20%
– Leasehold improvements	Over lease term
– Furniture, fixtures and office equipment	20%
– Motor vehicles	20%

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.

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

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

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

2.9 Impairment of non-financial assets

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

2.10 Leases

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Construction contracts

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

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

The Group uses the "percentage-of-completion method" to determine the appropriate amount of revenue to recognise in a given period. The stage of completion is measured by reference to work performed to date as a percentage of total contract value.

On the consolidated statement of financial position, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

2.12 Financial instruments

Financial assets and financial liabilities are recognised 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.

Effective interest method

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial instruments (continued)

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, loan and interest receivables, deposits and prepayments for lift insurance and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where 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.

Objective evidence of impairment could include:

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

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 average credit period, as well as 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 receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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 was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial instruments (continued)

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.

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities, including trade and other payables, amount due to a former director and borrowings, 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 paid or received that form an integral part of the effective interest rate, transaction cost 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.

Derecognition

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Cash and cash equivalents

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

2.14 Share capital

Ordinary shares are classified as equity.

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

2.15 Borrowings

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

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

2.16 Borrowing costs

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

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

2.17 Taxation

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

Current tax

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Taxation (continued)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of 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.

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

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 realised, based on tax rates (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.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Employee benefits

(i) Employee leave entitlements

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

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

(ii) Retirement benefits

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

(iii) Termination benefits

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

(iv) Bonus plans

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

2.19 Provisions

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Contingent liabilities and contingent assets

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

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

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

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

2.21 Revenue recognition

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

(a) Concrete placing and other ancillary services income

Revenue from construction contracts is recognised based on the stage of completion of the contracts as detailed in Note 2.11 above.

(b) Rental income

Rental income from lease of machinery is recognised based on the straight-line basis over the lease terms.

(c) Interest income

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

2.22 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss and other comprehensive income over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss and other comprehensive income by way of a reduced depreciation charge.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.24 Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close member of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

3a. Financial instruments by category

	2018 HK$'000	2017 HK$'000
Financial assets		
Loans and receivables		
Other deposits	3,650	3,572
Trade and other receivables	68,059	61,214
Loan and interest receivables	213,479	–
Cash and bank balances	21,828	105,740
Total	307,016	170,526
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	40,193	41,669
Amount due to a former director	30,000	–
Borrowings (excluding finance lease liabilities)	126,387	10,822
Finance lease liabilities	797	11,932
Total	197,377	64,423

3b. Financial risk management objectives and policies

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

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

(i) Interest rate risk

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

The Group's interest rate risk arises from borrowings. Borrowings obtained with variable rates expose the Group to cash flow interest rate risk which is partially offset by cash deposited at variable rates. The Group has not hedged its cash flow interest rate risks.

As at 31 March 2018, if the interest rate on all variable-rate borrowings had been 100 basis points higher/lower with all other variables held constant, the Group's profit after income tax for the year would have been decreased/increased by approximately HK$ Nil (2017: HK$90,000), mainly as a result of higher/lower interest expense on borrowings with floating interest rates.

3 FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

3b. Financial risk management objectives and policies (continued)

(ii) Credit risk

Credit risk arises mainly from deposits and prepayments for life insurance policies, trade and other receivables, loan and interest receivables and cash and bank balances. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting dates in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The credit risk of bank balances and deposits and prepayments for life insurance policies are limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies and financial institution with good reputation respectively.

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

The Group had certain credit risk as there were four (2017: three) customers which individually contributed over 10% of the Group's trade and other receivables as at 31 March 2018. The aggregate amounts of trade and other receivables from these customers amounted to 55% (2017: 52%) of the Group's total trade and other receivables as at 31 March 2018. Management considered the credit risk is limited since the Group trades only with customers with an appropriate credit history and good reputation. The management monitored the financial background and credibility of these debtors on ongoing basis.

It is the Group's policy that all debtors who wish to obtain loans from the Group are subject to management review. Receivable balances are monitored on an ongoing basis. The Group holds collaterals to cover its risks associated with loan and interest receivables.

Collaterals are obtained in respect of loan and interest receivables. Such collaterals comprise shares of listed companies pledged against the balances. As at 31 March 2018, the fair value of collaterals for the loan and interest receivables which are shares of certain listed companies based on their prevailing market prices amounted to approximately HK$224,000,000.

3 FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

3b. Financial risk management objectives and policies (continued)

(iii) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet their liquidity requirements in the short and long term. Management believes there is no significant liquidity risk as the Group has sufficient committed facilities to fund their operations.

The following table details the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group may be required to pay:

	On demand or within one year HK\$'000	**Between one and two years HK\$'000**	**Total undiscounted cash flows HK\$'000**	**Total carrying amounts HK\$'000**
At 31 March 2018				
Trade and other payables	**40,193**	**–**	**40,193**	**40,193**
Amount due to a former director	**30,000**	**–**	**30,000**	**30,000**
Finance lease liabilities	**809**	**–**	**809**	**797**
Borrowings (excluding finance lease liabilities)	**–**	**143,750**	**143,750**	**126,387**
	71,002	**143,750**	**214,752**	**197,377**

	On demand or within one year HK\$'000	Between one and two years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
At 31 March 2017				
Trade and other payables	41,669	–	41,669	41,669
Finance lease liabilities	11,270	809	12,079	11,932
Borrowings (excluding finance lease liabilities)	11,043	–	11,043	10,822
	63,982	809	64,791	64,423

3c. Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of all financial assets and liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

4 CAPITAL MANAGEMENT

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

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

The gearing ratio is calculated as net debt divided by the total equity.

The gearing ratios of the Group are as follows:

	2018 **HK$'000**	2017 HK$'000
Total borrowings *(Note 23)*	**127,184**	22,754
Total equity	**230,585**	198,559
Gearing ratio	**55%**	11%

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

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

(b) Impairment of receivables

Management determines impairment losses for receivables resulting from inability of the customers or other debtors to make the required payments. A considerable amount of estimate and judgement is required in assessing the ultimate realisation of these receivables which is based on the evaluation of collectability, ageing of the receivables, customer's and other debtor's credit-worthiness, value of the collaterals and historical write-off experience. If the financial conditions of customers or other debtors deteriorate, allowance for impairment losses may be required.

(c) Percentage of completion of construction works

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

The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such significant estimate may have impact on the profit recognised in each period.

6 REVENUE AND SEGMENT INFORMATION

Revenue and other income recognised during the year are as follows:

	2018 HK$'000	2017 HK$'000
Revenue		
Concrete placing and other ancillary services	428,694	485,646
Other income		
Bank interest income	7	6
Loan interest income	5,250	–
Rental income	1,660	1,307
Interest income from life insurance policies	78	81
Government grants *(Note)*	1,197	577
Insurance claims	3,117	2,983
Gain on disposal of property, plant and equipment	455	8
Others	179	298
	11,943	5,260

Note: There are no unfulfilled conditions or contingencies relating to these grants.

Segment information

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

Information about major customers

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

	2018 HK$'000	2017 HK$'000
Customer A	147,121	164,194
Customer B	91,527	61,479
Customer C	54,611	74,442
Customer D	N/A[1]	65,172

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7 PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	2018 HK$'000	2017 HK$'000
Auditors' remuneration	1,050	880
Staff costs (including directors' emoluments)	226,609	258,020
Depreciation of property, plant and equipment	13,358	17,346
Listing expenses	511	3,354
Operating lease rental on premises	863	858

8 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2018 HK$'000	2017 HK$'000
Salaries, allowances and other benefits	258,945	291,736
Retirement scheme contributions		
– defined contribution plan	3,207	7,272
	262,152	299,008
Less: Amount included in gross amounts due from/(to) customers for contract work	(35,543)	(40,988)
	226,609	258,020

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

9 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive for the year are set out below:

	Fee HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2018					
Executive directors					
Mr. Zhang Jinbing (Chairman and Chief Executive Officer) (appointed on 12 January 2018)	–	–	–	–	–
Mr. Cheung Yuk Kei ("Mr. Cheung") (Chairman) *(Note (i))*	–	1,960	1,017	14	2,991
Mr. Cheung Man Tim ("Mr. Tim Cheung") (Chief Executive Officer) *(Note (i))*	–	915	563	14	1,492
Mr. Fung Chi Chung ("Mr. Fung") *(Note (i))*	–	1,300	392	14	1,706
Non-executive director					
Mr. Poon Chiu Kwok (appointed on 12 January 2018 and resigned on 6 June 2018)	29	–	–	–	29
Independent non-executive directors					
Mr. Miu Hon Kit *(Note (ii))*	169	–	–	8	177
Mr. Leung Chi Wai *(Note (ii))*	169	–	–	8	177
Mr. Seid Ka Him *(Note (ii))*	94	–	–	4	98
Dr. Zhu Zhengfu (appointed on 12 January 2018)	29	–	–	–	29
Dr. Li Yifer (appointed on 12 January 2018)	29	–	–	–	29
Mr. Tse Chi Wai (appointed on 12 January 2018)	29	–	–	–	29
	548	4,175	1,972	62	6,757
Year ended 31 March 2017					
Executive directors					
Mr. Cheung Yuk Kei (Chairman) *(Note (i))*	–	2,311	617	18	2,946
Mr. Cheung Man Tim ("Mr. Tim Cheung") (Chief Executive Officer) *(Note (i))*	–	1,073	293	18	1,384
Mr. Fung Chi Chung ("Mr. Fung") *(Note (i))*	–	1,113	293	18	1,424
Independent non-executive directors					
Mr. Miu Hon Kit *(Note (ii))*	99	–	–	5	104
Mr. Leung Chi Wai *(Note (ii))*	99	–	–	5	104
Mr. Seid Ka Him *(Note (ii))*	55	–	–	3	58
	253	4,497	1,203	67	6,020

During the year ended 31 March 2018, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2017: Nil). Neither the chief executive nor any of the directors has waived or agreed to waive any emoluments during the year ended 31 March 2018 (2017: Nil).

9 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive's emoluments (continued)

Note:

(i) Mr. Cheung was appointed on 31 May 2016 as a director of the Company and re-designated as an executive director of the Company on 28 June 2016, Mr. Fung and Mr. Tim Cheung were appointed as executive directors of the Company on 28 June 2016. Mr. Cheung was also a director of certain subsidiaries of the Company and Mr. Fung and Mr. Tim Cheung were also employees of the Group during the years ended 31 March 2017 and 2018 and the Group paid emoluments to them in their capacity as the director of these subsidiaries and employees of the Group before their appointment as executive directors of the Company. Mr. Cheung, Mr. Fung and Tim Cheung were resigned on 12 January 2018.

(ii) Mr. Miu Hon Kit, Mr. Leung Chi Wai and Mr. Seid Ka Him were appointed as independent non-executive directors of the Company on 27 September 2016 and all were resigned on 12 January 2018.

(b) Five highest paid individuals

For the year ended 31 March 2018, the five individuals whose emoluments were the highest in the Group include three (2017: two) directors, whose emoluments are disclosed above. The emoluments paid to the remaining two (2017: three) individuals for the year ended 31 March 2018 are as follows:

	2018	2017
	HK$'000	HK$'000
Salaries and allowances	**2,222**	2,955
Discretionary bonuses	**1,762**	1,597
Retirement scheme contributions	**36**	50
	4,020	4,602

The emoluments fell within the following bands:

	Number of individuals	
	2018	2017
Emolument bands (in HK$)		
HK$1,000,001 – HK$1,500,000	**–**	2
HK$1,500,001 – HK$2,000,000	**1**	1
HK$2,000,001 – HK$2,500,000	**1**	–

During the year ended 31 March 2018, no emoluments were paid by the Group to the above highest paid individuals as (i) an inducement to join or upon joining the Group or (ii) as compensation for loss of office as a director or management of any members of the Group (2017: Nil).

10 FINANCE COSTS

	2018	2017
	HK$'000	HK$'000
Interest on finance leases	**136**	486
Interest on bank overdrafts and bank borrowings	**272**	789
Interest on loan from the former substantial shareholder	**1,387**	–
	1,795	1,275

11 INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year.

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

	2018 HK$'000	2017 HK$'000
Hong Kong Profits Tax:		
– Current income tax	**7,408**	8,168
– Under/(over) provision in prior years	**540**	(1,321)
Deferred income tax *(Note 24)*	**(50)**	750
Income tax expense	**7,898**	7,597

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

	2018 HK$'000	2017 HK$'000
Profit before income tax	**39,924**	52,022
Calculated at a tax rate of 16.5% (2017: 16.5%)	**6,587**	8,584
Non-taxable income	**(9)**	–
Expenses not deductible for tax purposes	**863**	365
Tax concession	**(90)**	(60)
Utilisation of previously unrecognised tax losses	**–**	(50)
Tax losses for which no deferred income tax asset was recognised	**7**	79
Under/(over) provision in prior years	**540**	(1,321)
Income tax expense	**7,898**	7,597

12 EARNINGS PER SHARE

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

	2018	2017
Profit attributable to owners of the Company (HK$'000)	**32,026**	44,425
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	**764,800**	702,974
Basic earnings per share (HK cents)	**4.19**	6.32

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary share in issue during the years ended 31 March 2017 and 2018.

13 LIST OF SUBSIDIARIES

The following is a list of the subsidiaries at 31 March 2018 and 2017:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Percentage of equity attributable to the Company
Directly held				
Chong Kin Group Limited (“**Chong Kin BVI**”)	Limited liability company incorporated on 25 May 2016, the British Virgin Islands (the “BVI”)	Investment holding	Ordinary share US$1	100% (2017: 100%)
Indirectly held				
Fung Sang Investment Limited (“**Fung Sang**”)	Limited liability company incorporated on 26 May 2016, the BVI	Investment holding	Ordinary share US$1	100% (2017: 100%)
Trade Achiever Investments Limited (“**Trade Achiever**”)	Limited liability company incorporated on 6 April 2016, the BVI	Investment holding	Ordinary share US$1	100% (2017: 100%)
Chong Fung Investment Limited (“**Chong Fung**”)	Limited liability company incorporated on 26 May 2016, the BVI	Investment holding	Ordinary share US$1	100% (2017: 100%)
Richway Investment Limited (“**Richway Investment**”)	Limited liability company incorporated on 27 May 2016, the BVI	Investment holding	Ordinary share US$1	100% (2017: 100%)
Kam Fung Engineering Limited (“**Kam Fung**”)	Limited liability company incorporated on 15 March 2000, Hong Kong	Provision of concrete placing services and other ancillary services	Ordinary share HK$10,000	100% (2017: 100%)
Sang Fu Engineering Limited (“**Sang Fu**”)	Limited liability company incorporated on 4 August 2008, Hong Kong	Provision of concrete placing services and other ancillary services	Ordinary share HK$100	100% (2017: 100%)
Global Sunny Engineering Limited (“**Global Sunny**”)	Limited liability company incorporated on 6 March 2007, Hong Kong	Provision of concrete placing services and other ancillary services	Ordinary share HK$100	100% (2017: 100%)
Richway Mechanical Engineering Co., Limited (“**Richway Mechanical**”)	Limited liability company incorporated on 3 December 2008, Hong Kong	Provision of concrete placing services and other ancillary services	Ordinary share HK$100	100% (2017: 100%)
First Tech Worldwide Limited (“**First Tech**”)	Limited liability company incorporated on 4 September, Hong Kong	Inactive	Ordinary share HK$1	100% (2017: –)

Note:

None of the subsidiaries had issued any listed securities at the end of the reporting period. The Group had no subsidiaries which have material non-controlling interests for the years ended 31 March 2018 and 2017.

14 DIVIDENDS

No dividend was proposed or paid during the year ended 31 March 2018 (2017: Nil).

15 PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment HK$'000 (Note a)	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 April 2016	83,750	220	962	5,549	90,481
Additions	22,818	–	–	2,810	25,628
Disposals	–	–	–	(357)	(357)
At 31 March 2017	106,568	220	962	8,002	115,752
Accumulated depreciation					
At 1 April 2016	52,359	147	951	2,934	56,391
Charge for the year	16,282	73	5	986	17,346
Disposals	–	–	–	(311)	(311)
At 31 March 2017	68,641	220	956	3,609	73,426
Net book value					
At 31 March 2017	37,927	–	6	4,393	42,326
Cost					
At 1 April 2017	**106,568**	**220**	**962**	**8,002**	**115,752**
Additions	**6,000**	**–**	**–**	**–**	**6,000**
Disposals	**(34,885)**	**–**	**–**	**(1,965)**	**(36,850)**
At 31 March 2018	**77,683**	**220**	**962**	**6,037**	**84,902**
Accumulated depreciation					
At 1 April 2017	**68,641**	**220**	**956**	**3,609**	**73,426**
Charge for the year	**12,073**	**–**	**2**	**1,283**	**13,358**
Disposals	**(34,885)**	**–**	**–**	**(1,235)**	**(36,120)**
At 31 March 2018	**45,829**	**220**	**958**	**3,657**	**50,664**
Net book value					
At 31 March 2018	**31,854**	**–**	**4**	**2,380**	**34,238**

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Note:

(a) Machinery and equipment includes the following amounts where the Group is a lessee under finance leases:

	2018 HK$'000	2017 HK$'000
Cost – capitalised finance leases	7,700	35,150
Accumulated depreciation	(5,518)	(11,913)
Net book value	2,182	23,237

(b) Depreciation expense of approximately HK$12,073,000 (2017: HK$16,389,000) has been included in cost of sales.

16 OTHER DEPOSITS

	2018 HK$'000	2017 HK$'000
Deposits and prepayments for life insurance policies	3,650	3,572

The Group entered into two life insurance policies (the "Policies") with an insurance company to insure shareholders of the Company. Under the Policies, the beneficiaries and policy holders are subsidiaries of the Company and the total insured sums are United States dollars ("US$") 1,500,000 (equivalent to approximately HK$11,700,000).

At inception of the Policies, the Group is required to make a total single upfront payments of US$435,120 (equivalent to approximately HK$3,394,000) which include fixed policy premium charge and deposits. Monthly policy expense and insurance charge will be incurred over the insurance period with reference to the terms set out in the Policies.

The insurance company will pay the Group guaranteed interest rates of 3.3% for the first three years and 4.0% for the first year, respectively, and a variable return per annum afterwards (with guaranteed minimum interest rate of 3.0% and 2.0%, respectively, during the effective period of the Policies). The policy premium, expense and insurance charges are recognised in profit or loss over the expected life of the Policies and the deposits placed are carried at amortised cost using the effective interest method. The Group may request full surrender of the Policies at any time and receive cash back based on the value of the Policies at the date of withdrawal, which is determined by the gross premium paid plus accumulated interest earned and minus the policy expense and insurance premium charge. If such withdrawal are made between the first to fifteenth policy year and first to eighteenth policy year, respectively, a pre-determined specified surrender charge would be imposed on the Group.

The directors of the Company consider that the possibility of terminating the Policies during the first to fifteenth policy year and first to eighteenth policy year, respectively, was low and the expected life of the life insurance policy remains unchanged since its initial recognition.

17 TRADE AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables *(Note (a) and (b))*	9,745	3,442
Other receivables, deposits and prepayments	1,748	1,026
Retention receivables	58,200	57,376
	69,693	61,844

Note:

(a) Trade receivables are past due when a counterparty has failed to make a payment when contractually due. Credit terms granted to customers vary from contract to contract. The credit period granted to customers is 14 to 60 days from payment application date generally. Customers generally make payments within 7 to 14 days from the date of issue of payment certificates to the Group. Trade receivables are denominated in HK$.

(b) The ageing analysis of the trade receivables based on the date of payment certificates issued by customers is as follows:

	2018 HK$'000	2017 HK$'000
0-30 days	7,592	2,450
31-60 days	1,000	416
61-90 days	–	–
Over 90 days	1,153	576
	9,745	3,442

Trade receivables of approximately HK$6,983,000 (2017: HK$496,000) as at 31 March 2018 were not yet past due and approximately HK$2,762,000 (2017: HK$2,946,000) as at 31 March 2018 were past due but not impaired. Trade receivables from a number of independent customers of whom there is no recent history of default and no provision has therefore been made. The Group does not hold any collateral over those balances. The ageing analysis of these trade receivables is as follows:

	2018 HK$'000	2017 HK$'000
0-30 days	–	1,450
31-60 days	1,609	631
61-90 days	–	–
Over 90 days	1,153	865
	2,762	2,946

Retention receivables as at 31 March 2018 and 2017 were not yet past due and will be settled in accordance with the terms of respective contract.

(c) The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

18. LOAN AND INTEREST RECEIVABLES

	2018 HK$'000	2017 HK$'000
Loan receivables	210,000	–
Interest receivables	3,479	–
	213,479	–

The loan receivables of HK$210 million are charged at interest rate of 18% per annum and will be repayable within one year. The loan receivables are secured by a legal charge over the borrower's assets.

The allowance for impaired loan and interest receivables is based on management judgement including evaluation of collectability, value of collaterals held and aging analysis.

Since joint and several receivers have been appointed over a substantial asset beneficially owned by the borrower which constitutes an event of default on the part of the borrower under the loan agreement. In light of this, the Company appointed receivers over the share charged in April 2018 and subsequently took legal action against the borrower to recover the loan receivables.

Based on the current assessment, the management believes that no impairment allowance is necessary in respect of those loan and interest receivables as the balances are considered fully recoverable.

19 GROSS AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	2018 HK$'000	2017 HK$'000
Gross amounts due from customers for contract work		
Contract costs incurred plus recognised profits less recognised losses	988,284	780,463
Less: Progress billings received and receivable	(862,955)	(675,532)
	125,329	104,931

	2018 HK$'000	2017 HK$'000
Gross amounts due to customers for contract work		
Progress billings received and receivable	510,199	450,160
Less: Contract costs incurred plus recognised profits less recognised losses	(472,421)	(399,520)
	37,778	50,640

All gross amounts due from/to customers for contract work are expected to be recovered/settled within one year.

20 CASH AND BANK BALANCES

	2018 HK$'000	2017 HK$'000
Cash at banks	21,828	105,608
Cash on hand	–	132
	21,828	105,740

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

The carrying amount of cash and bank balances were denominated in the following currencies:

	2018 HK$'000	2017 HK$'000
HK$	32	105,625
US$	21,796	115
	21,828	105,740

21 SHARE CAPITAL

	Note	Number of ordinary shares	Nominal amount HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
On 31 May 2016 (date of incorporation)	*(b)*	38,000,000	380
Increase in authorised share capital	*(c)*	1,962,000,000	19,620
As at 31 March 2017 and 2018		2,000,000,000	20,000
Issued and fully paid:			
On 31 May 2016 (date of incorporation)	*(b)*	1	–
Shares issued upon the Reorganisation	*(d)*	9,999	–
Shares issued pursuant to the capitalisation issue	*(e)*	651,390,000	6,514
Shares issued under share offer	*(f)*	113,400,000	1,134
As at 31 March 2017 and 2018		764,800,000	7,648

Note:

(a) The balance of share capital at 31 March 2016 represents the aggregate of the paid up share capital of the subsidiaries comprising the Group prior to the Reorganisation.

(b) Upon incorporation, the authorised share capital of the Company was HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. One share was allotted and issued nil-paid to the subscriber on 31 May 2016, which was then transferred to Pioneer Investment on the same date.

(c) On 27 September 2016, the then sole shareholder resolved to increase the authorised share capital of the Company from HK$380,000 to HK$20,000,000 by the creation of an additional 1,962,000,000 shares, each ranking pari passu with the shares then in issue in all respects.

(d) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Chong Kin Group Limited from Pioneer Investment, on 27 September 2016, (i) the 1 nil-paid share held by Pioneer Investment was credited as fully paid, and (ii) 9,999 shares, all credited as fully paid, were allotted and issued to Pioneer Investment.

(e) Pursuant to the written resolutions of the sole shareholder of the Company passed on 27 September 2016, the Company issued and allotted a total of 651,390,000 ordinary shares of the Company credited as fully paid to the then sole shareholder of the Company's shares on the register of members at the close of business on 27 September 2016 by way of capitalisation of the sum of HK$6,513,900 standing to the credit of the share premium account of the Company.

(f) On 17 October 2016, 113,400,000 ordinary shares of HK$0.01 each were issued to the public at a price of HK$0.7 per share for cash totalling HK$79,380,000 by way of share offer. The excess of issue price over the par value of the shares, net of issuance costs of approximately HK$10,083,000, were credited to the share premium account of the Company.

22 SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 27 September 2016 as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme.

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

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

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

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

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

22 SHARE OPTION SCHEME (CONTINUED)

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

The Scheme shall be valid and effective for a period of ten years commencing on 27 September 2016, subject to early termination provisions contained in the Scheme.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 March 2017 and 2018.

23 BORROWINGS

	2018 **HK$'000**	2017 HK$'000
Non-current		
Loan from former substantial shareholder *(Note (c))*	**126,387**	–
Finance lease liabilities *(Note (d))*	**–**	797
	126,387	797
Current		
Bank borrowings *(Note (a), (b) and (g))*	**–**	10,822
Finance lease liabilities *(Note (d))*	**797**	11,135
	797	21,957
Total borrowings	**127,184**	22,754

Note:

(a) Bank borrowings

The bank borrowings are classified as current liabilities according to the HK Interpretation 5, *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* issued by the HKICPA. According to the repayment schedule, the bank borrowings are repayable as follows:

	2018 **HK$'000**	2017 HK$'000
Within 1 year	**–**	10,426
Between 1 and 2 years	**–**	262
Between 2 and 5 years	**–**	134
	–	10,822

(b) The carrying amounts of the bank overdrafts and bank borrowings are denominated in the following currencies:

	2018 **HK$'000**	2017 HK$'000
HK$	**–**	10,172
US$	**–**	650
	–	10,822

23 BORROWINGS (CONTINUED)

Note: (continued)

(c) The loan advanced by Pioneer Investment Limited, the former substantial shareholder, is unsecured and bears interest at 5% per annum and will be repayable in January 2020.

(d) Finance lease liabilities

Lease liabilities are secured as the rights to the leased assets revert to the lessors in the event of default.

At the end of lease term of certain finance leases the Group has the option to purchase the leased asset at a price deemed to be a bargain purchase option.

	2018 HK$'000	2017 HK$'000
Gross finance lease liabilities – minimum lease payments		
Within 1 year	**809**	11,270
Between 1 and 2 years	**–**	809
	809	12,079
Future finance charges on finance leases	**(12)**	(147)
Present value of finance lease liabilities	**797**	11,932

The present value of finance lease liabilities is as follows:

	2018 HK$'000	2017 HK$'000
Within 1 year	**797**	11,135
Between 1 and 2 years	**–**	797
	797	11,932

The finance leases are secured by the Group's machinery and equipment with an aggregate net book value of approximately HK$2,182,000 (2017: HK$23,237,000) as at 31 March 2018.

The carrying amounts of all finance lease liabilities are denominated in Hong Kong dollars.

(e) The interest rates per annum of borrowings are as follows:

	2018	2017
Bank borrowings	**3.5%**	5.13% to 6.58%
Loan from former substantial shareholder	**5%**	–
Finance lease liabilities	**5.67%**	5.67%

23 BORROWINGS (CONTINUED)

Note: (continued)

(f) As at 31 March 2018, the undrawn banking facilities amounted to approximately HK$Nil (2017: HK$2,000,000).

(g) The banking facilities as at 31 March 2017 are secured/guaranteed by:

(i) Pledge of deposits and prepayments life insurance policies amounting to approximately HK$3,572,000 as at 31 March 2017;

(ii) Corporate guarantee provided by certain subsidiaries of the Company as at 31 March 2017; and

(iii) Corporate guarantee provided by the Company as at 31 March 2017.

24 DEFERRED TAX LIABILITIES

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

Deferred tax liabilities arising from:	**Depreciation allowances in excess of the related depreciation** HK$'000
At 1 April 2016	3,922
Charged to profit or loss *(Note 11)*	750
At 31 March 2017 and 1 April 2017	4,672
Charged to profit or loss *(Note 11)*	(50)
At 31 March 2018	4,622

As at 31 March 2018, the Group has unused tax losses of approximately HK$998,000 (2017: HK$952,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Unrecognised tax losses may be carried forward indefinitely.

25 TRADE AND OTHER PAYABLES

	2018 HK$'000	2017 HK$'000
Trade payables	11,061	10,773
Accruals and other payables	29,132	30,896
	40,193	41,669

Note:

(a) The ageing analysis of trade payables based on the invoice date is as follows:

	2018 HK$'000	2017 HK$'000
0-30 days	9,537	10,370
31-60 days	1,485	339
61-90 days	39	–
Over 90 days	–	64
	11,061	10,773

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

26. AMOUNT DUE TO A FORMER DIRECTOR

The amount due to Mr. Cheung Yuk Kei is unsecured, non-interest bearing and has no fixed term of repayment.

27 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2018 HK$'000	2017 HK$'000
Profit before income tax	**39,924**	52,022
Adjustments for:		
Depreciation of property, plant and equipment	**13,358**	17,346
Interest income	**(85)**	(87)
Finance cost	**1,795**	1,275
Gain on disposal of property, plant and equipment	**(455)**	(8)
Operating profit before working capital changes	**54,537**	70,548
Increase in trade and other receivables	**(7,849)**	(8,467)
Increase in loan and interest receivables	**(213,479)**	–
Increase in gross amounts due from customers for contract work	**(20,398)**	(52,431)
(Decrease)/increase in trade and other payables	**(1,476)**	952
(Decrease)/increase in gross amounts due to customers for contract work	**(12,862)**	14,254
Net cash (used in)/generated from operations	**(201,527)**	24,856

(b) Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Finance lease liabilities HK$'000	**Bank borrowings** HK$'000	**Loan from former substantial shareholder** HK$'000	**Amount due to a former director** HK$'000	**Total liabilities from financing activities** HK$'000
At 1 April 2016	14,653	37,411	–	–	52,064
Changes in cash flows	(19,548)	(26,589)	–	–	(46,137)
Non-cash changes – additions	16,827	–	–	–	16,827
At 31 March 2017 and 1 April 2017	11,932	10,822	–	–	22,754
Changes in cash flows	(11,135)	(10,822)	125,000	30,000	133,043
Non-cash changes – additions	–	–	1,387	–	1,387
At 31 March 2018	797	–	126,387	30,000	157,184

(c) Material non-cash transactions

During the year ended 31 March 2018, additions to property, plant and equipment of HK$Nil (2017: HK$16,827,000) were financed by finance lease arrangements.

28 COMMITMENTS

(a) Capital commitments

The Group did not have any significant capital commitment as at 31 March 2018 (2017: Nil)

(b) Operating lease commitments – Group as lessee

At the end of each of the reporting period, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	2018 **HK$'000**	2017 HK$'000
Within one year	**554**	750
In the second to fifth years inclusive	**–**	536
	554	1,286

The Group is the lessee in respect of office premises and car parks under operating leases. The leases typically run for an initial period of 1 to 2 years, with an option to renew the leases when all terms are renegotiated.

29 RELATED PARTY TRANSACTIONS

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

(a) Save as disclosed elsewhere in the consolidated financial statements, the Group did not have any significant related party transactions with related parties during the year.

(b) The emoluments of the directors and senior executives (representing the key management personnel) during the year are disclosed in Note 9.

30 CONTINGENT LIABILITIES

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

31 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2018 HK$'000	2017 HK$'000
ASSETS		
Non-current assets		
Investment in subsidiaries	93,580	93,580
Current assets		
Loan and interest receivables	213,479	–
Prepayments and other receivables	–	259
Amount due from a subsidiary	505	20,031
Cash and bank balances	5,717	43,901
	219,701	64,191
Total assets	313,281	157,771
EQUITY		
Capital and reserves		
Share capital	7,648	7,648
Reserves	148,385	149,668
Total equity	156,033	157,316
LIABILITIES		
Current liabilities		
Trade and other payables	1,574	440
Amount due to a subsidiary	155,674	15
Total liabilities	157,248	455
Total equity and liabilities	313,281	157,771
Net current assets	62,453	63,736
Total assets less current liabilities	156,033	157,316

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 28 June 2018 and signed on its behalf by:

Mr. Zhang Jinbing	**Mr. Ni Biao**
Director	*Director*

31 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserve movement of the Company

	Share premium HK$'000	**Special reserve** HK$'000	**Accumulated losses** HK$'000	**Total equity** HK$'000
At 31 May 2016 (date of incorporation)	–	–	–	–
Loss and total comprehensive expense for the period	–	–	(5,561)	(5,561)
The Reorganisation	–	93,580	–	93,580
Share issued pursuant to the capitalisation issue	(6,514)	–	–	(6,514)
Share issued under share offer	78,246	–	–	78,246
Share issuance costs	(10,083)	–	–	(10,083)
At 31 March 2017 and 1 April 2017	61,649	93,580	(5,561)	149,668
Loss and total comprehensive income for the year	–	–	(1,283)	(1,283)
At 31 March 2018	61,649	93,580	(6,844)	148,385

32 EVENTS AFTER THE REPORTING PERIOD

On 12 June 2018, the Company entered into a conditional sale and purchase agreement (the "Agreement") with an independent third party to acquire the entire issued share capital of Stand East Investments Limited (the "Target Company") and the shareholders loan at a consideration of HK$458,880,000 (the "Proposed Acquisition") which will be satisfied by the issue and allotment of 152,960,000 consideration shares at an issue price at HK$3 per consideration share in the Company by the Company to the vendor and the investors of the Target Company.

Pursuant to the Agreement, completion is conditional upon fulfillment of certain conditions including the completion and satisfaction of the due diligence investigation of the Target Group by the Company by 31 August 2019 (the "Long Stop Date"). The Target Company and its subsidiaries (together referred to as the "Target Group") are principally carrying out the business of logistics related services including new energy vehicle sales and leasing, road freight transportation, logistics park development and warehousing services.

In accordance with the Agreement, the vendor and the investor(s) jointly and severally warrant and guarantee to the Group that the Target Group shall not fail to meet the total net profits in the sum of HK$20,000,000 by 30 June 2019. Details of the above are set out in the announcement of the Company dated 12 June 2018.

As at the date of approval for issuance of the consolidated financial statements, the initial accounting for the above business combination is incomplete as the fair value assessment of goodwill and intangible assets, if any, of the Target Group had not been finalised and therefore, no financial information of the Target Group as at the completion date could be disclosed.

	Year ended 31 March			
	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**428,694**	485,646	378,479	273,560
Cost of sales	**(353,527)**	(400,398)	(310,389)	(227,301)
Gross profit	**75,167**	85,248	68,090	46,259
Other income	**11,943**	5,260	2,851	3,004
Administrative and other operating expenses	**(45,391)**	(37,211)	(32,075)	(21,567)
Operating profit	**41,719**	53,297	38,866	27,696
Finance costs	**(1,795)**	(1,275)	(1,158)	(1,695)
Profit before income tax	**39,924**	52,022	37,708	26,001
Income tax expense	**(7,898)**	(7,597)	(7,501)	(4,354)
Profit and total comprehensive income for the year attributable to owners of the Company	**32,026**	44,425	30,207	21,647
Basic and diluted earnings per share *(HK cents)*	**4.19**	6.32	4.64	3.32

FINANCIAL SUMMARY

	As at 31 March			
	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS				
Non-current assets				
Property, plant and equipment	**34,238**	42,326	34,090	44,339
Deposits and prepayments for life insurance policies	**3,650**	3,572	3,491	3,403
	37,888	45,898	37,581	47,742
Current assets				
Trade and other receivables	**69,693**	61,844	53,377	41,175
Loan and interest receivables	**213,479**	–	–	–
Gross amounts due from customers for contract work	**125,329**	104,931	52,500	40,605
Amounts due from shareholders	**–**	–	6,148	–
Current income tax recoverable	**2,145**	–	4,252	35
Cash and bank balances	**21,828**	105,740	67,744	21,667
	432,474	272,515	184,021	103,482
Total assets	**470,362**	318,413	221,602	151,224
EQUITY				
Capital and reserves				
Share capital	**7,648**	7,648	10	–
Reserves	**222,937**	190,911	84,827	54,620
Total equity	**230,585**	198,559	84,837	54,620
LIABILITIES				
Non-current liabilities				
Borrowings	**126,387**	797	5,449	13,743
Deferred tax liabilities	**4,622**	4,672	3,922	3,274
	131,009	5,469	9,371	17,017
Current liabilities				
Trade and other payables	**40,193**	41,669	40,717	23,468
Gross amounts due to customers for contract work	**37,778**	50,640	36,386	16,775
Amount due to a former director	**30,000**	–	–	–
Amounts due to shareholders	**–**	–	–	10,298
Borrowings	**797**	21,957	50,291	23,983
Current income tax liabilities	**–**	119	–	5,063
	108,768	114,385	127,394	79,587
Total liabilities	**239,777**	119,854	136,765	96,604
Total equity and liabilities	**470,362**	318,413	221,602	151,224
Net current assets	**323,706**	158,130	56,627	23,895
Total assets less current liabilities	**361,594**	204,028	94,208	71,637