Deloitte.
德勤

德勤 · 關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

[●]

The Directors
Thelloy Development Group Limited

Innovax Capital Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") relating to Thelloy Development Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the two years ended 31 March 2015 (the "Relevant Periods"), for inclusion in the [REDACTED] of the Company dated 30 September 2015 in connection with the proposed [REDACTED] of the Company's shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "[REDACTED]").

The Company was incorporated in the Cayman Islands and registered as an exempted company with limited liability under the Cayman Companies Law on 28 May 2015. Through a group reorganisation as more fully explained in the section headed "History, Reorganisation and Corporate Structure" to the [REDACTED] (the "Reorganisation"), the Company became the holding company of the Group on 22 September 2015.

Particulars of the Company's subsidiaries at the end of each reporting period and at the date of this report are as follows:

Name of subsidiary	Place and date of incorporation	Place of operation	Issued and full paid share capital	Attributable equity interest of the Group as at 31 March 2014	31 March 2015	date of this report	Principal activities
Techoy Holding Limited ("Techoy Holding")	The British Virgin Islands ("BVI") 28 May 2015	Hong Kong	US$1	—	—	100%	Investment holding
Techoy Construction Company Limited ("Techoy Construction")	Hong Kong 2 July 1982	Hong Kong	31 March 2014: HK$16,000,000 31 March 2015: HK$18,800,000	100%	100%	100%	Property construction in Hong Kong

All the companies comprising the Group have adopted 31 March as their financial year end date.

We have acted as the statutory auditor of Techoy Construction and undertaken an independent audit on the statutory financial statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the year ended 31 March 2015. The statutory financial statements of Techoy Construction for the year ended 31 March 2014 were audited by Alliance & Associate Certified Public Accountants, a firm of certified public accountants registered in Hong Kong. The statutory financial statements of Techoy Construction for the each of the two years ended 31 March 2015 (therein after referred to as the "Underlying Financial Statements") are prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

We examined the Underlying Financial Statements in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements on the basis of presentation set out in note 1 of Section A below after making such adjustments as considered appropriate for the purpose of the preparation of this report for inclusion in the [REDACTED].

The Underlying Financial Statements are the responsibility of the directors of Techoy Construction who approved their issue. The directors of the Company are responsible for the contents of the [REDACTED] in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in note 1 of Section A below, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of the Group as at 31 March 2014 and 2015, and of the financial performance and combined cash flows of the Group for the Relevant Periods.

(A) FINANCIAL INFORMATION

Combined Statements of Profit or Loss and Other Comprehensive Income

		Year ended 31 March	
		2014	2015
	Notes	HK$'000	HK$'000
Revenue	7	172,221	207,031
Direct costs		(147,970)	(176,953)
Gross profit		24,251	30,078
Other income		120	212
Other gains and losses		(108)	165
Administrative expenses		(8,949)	(8,940)
Finance costs	9	(465)	(203)
Profit before taxation	10	14,849	21,312
Income tax expense	11	(2,503)	(3,516)
Profit and total comprehensive income for the year attributable to the owners of the Company		12,346	17,796

Combined Statements of Financial Position

	Notes	As at 31 March 2014 HK$'000	As at 31 March 2015 HK$'000
Non-current assets			
Plant and equipment	14	1,137	1,604
Current assets			
Trade receivables	15	7,733	20,693
Other receivables, deposits and prepayments	16	5,078	12,430
Amounts due from customers for contract work	17	760	—
Amount due from a director	18	130	—
Amount due from a related company	18	33,719	33,520
Pledged bank deposits	19	3,000	3,024
Bank balances and cash	19	34,922	55,598
		85,342	125,265
Current liabilities			
Trade and bills payables	20	6,586	1,215
Other payables and accrued charges	21	12,188	52,010
Amounts due to customers for contract work	17	17,522	10,660
Tax payable		4,648	6,646
Obligations under finance leases	22	400	581
Bank borrowings	23	1,068	—
		42,412	71,112
Net current assets		42,930	54,153
Total assets less current liabilities		44,067	55,757
Non-current liabilities			
Obligations under finance leases	22	281	375
Net assets		43,786	55,382
Capital and reserve			
Issued share capital	24	16,000	18,800
Accumulated profits		27,786	36,582
Equity attributable to owners of the Company		43,786	55,382

Combined Statements of Changes In Equity

	Attributable to owner of the Company				
	Issued share capital	Accumulated profits	Total	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2013	16,000	20,440	36,440	135	36,575
Profit and total comprehensive income for the year	—	12,346	12,346	—	12,346
Disposal of subsidiaries	—	—	—	(135)	(135)
Dividend paid *(note 12)*	—	(5,000)	(5,000)	—	(5,000)
At 31 March 2014	16,000	27,786	43,786	—	43,786
Profit and total comprehensive income for the year	—	17,796	17,796	—	17,796
Dividend paid *(note 12)*	—	(9,000)	(9,000)	—	(9,000)
Issue of shares	2,800	—	2,800	—	2,800
At 31 March 2015	18,800	36,582	55,382	—	55,382

Combined Statements of Cash Flows

	Note	2014 HK$'000	2015 HK$'000
		Year ended 31 March	
OPERATING ACTIVITIES			
Profit before taxation		14,849	21,312
Adjustments for:			
Depreciation of plant and equipment		499	664
Gain on disposal of plant and equipment		—	(165)
Loss on disposal/dissolution of subsidiaries, net		108	—
Bank interest income		—	(92)
Finance costs		465	203
Operating cash flows before movements in working capital		15,921	21,922
Increase (decrease) in amounts due to customers of contract work, net		6,087	(6,102)
Decrease (increase) in trade receivables		9,331	(12,960)
Increase in other receivables, deposits and prepayments		(419)	(7,352)
Increase (decrease) in trade and bills payables		3,888	(5,371)
(Decrease) increase in other payables and accrued charges		(19,264)	39,822
Cash generated from operations		15,544	29,959
Income tax paid		(867)	(1,518)
NET CASH FROM OPERATING ACTIVITIES		14,677	28,441

	Note	Year ended 31 March 2014 HK$'000	2015 HK$'000
INVESTING ACTIVITIES			
Bank interest received		—	92
Purchases of plant and equipment		—	(331)
Proceeds from disposal of plant and equipment		—	165
Repayment from a director		34,246	10,017
Advance to a director		(34,376)	(9,887)
Advance to related companies		(27,504)	(77,619)
Repayment from related companies		19,592	77,818
Net cash outflow from disposal of a subsidiary	26	(301)	—
Placement of pledged bank deposits		(3,000)	(24)
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(11,343)	231
FINANCING ACTIVITIES			
Interest paid		(465)	(203)
Issue of shares of Techoy Construction		—	2,800
Repayment of obligations under finance leases		(376)	(525)
Repayment of bank borrowings		(1,245)	(1,068)
Repayment to a related company		(16,000)	—
Dividend paid		(5,000)	(9,000)
NET CASH USED IN FINANCING ACTIVITIES		(23,086)	(7,996)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(19,752)	20,676
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		54,674	34,922
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		34,922	55,598

Notes to Financial Information

1. GROUP REORGANISATION AND BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2007 Revision) Chapter 22 of the Cayman Islands on 28 May 2015. The address of the Company's registered office and the principal place of business is disclosed in the paragraph headed "Corporate Information" to the [REDACTED].

Before the completion of the Reorganisation, Techoy Construction is wholly owned by Mr. Lam Kin Wing Eddie ("Mr. Lam").

In preparation of the [REDACTED] of the Company's shares on the Growth Enterprise Market of the Stock Exchange (the "[REDACTED]"), the companies comprising the Group underwent the Reorganisation as described below.

1. On 28 May 2015, Cheers Mate Holding Limited ("Cheers Mate") was incorporated in the BVI as a limited liability company with an authorised share capital of 50,000 shares with no par value. At the time of incorporation, Cheers Mate was wholly-owned by Mr. Lam.

2. On 28 May 2015, the Company was incorporated as an exempted company with limited liability with an initial authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each under the laws of the Cayman Islands. Upon incorporation of the Company, one share was allotted and issued at par to a nominee company, Mapcal Limited, as the initial subscriber, which was then be transferred to Cheers Mate.

3. On 28 May 2015, Techoy Holding was incorporated in the BVI as a limited liability company with an authorised share capital of 50,000 shares with no par value. On 11 June 2015, one share of Techoy Holding was allotted and issued to the Company.

4. On 22 September 2015, through a share swap agreement, Mr. Lam transferred all his shares in Techoy Construction to Techoy Holding in consideration of and exchange for (i) the allotment and issue of a total of 99 shares in Techoy Holding, credited as fully paid to the Company; (ii) the allotment and issue of 99 shares in the Company, credited as fully paid at par, to Cheers Mate; and (iii) the allotment and issue of 99 shares in Cheers Mate, credited as fully paid to Mr. Lam. As a result, Techoy Construction became a direct wholly-owned subsidiary of Techoy Holding.

5. On 22 September 2015, the authorised share capital of our Company was increased from HK$380,000 to HK$20,000,000 by the creation of 1,962,000,000 shares.

Pursuant to the Reorganisation detailed above, the Company has become the holding company of the companies now comprising the Group by interspersing the Company and Techoy Holding between Mr. Lam and Techoy Construction. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity, accordingly, the combined financial statements have been prepared as if the Company had always been the holding company of the Group.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the Relevant Periods and the combined statements of financial position as at 31 March 2014 and 2015 are prepared as if the current group structure had been in existence throughout the Relevant Periods.

The Financial Information is presented in HK$, which is also the functional currency of companies comprising the Group.

2. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Group has consistently adopted the HKFRSs issued by the HKICPA that are effective for the Group's financial year beginning on 1 April 2014 throughout the Relevant Periods.

At the date of this report, the HKICPA has issued the following new and revised HKFRSs which are not yet effective.

HKFRS 9	Financial instruments[1]
HKFRS 14	Regulatory deferral accounts[6]
HKFRS 15	Revenue from contracts with customers[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[4]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[4]
Amendments to HKAS 1	Disclosure Initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[4]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 27	Equity method in separate financial statements[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle[4]

1 Effective for annual periods beginning on or after 1 January 2018.

2 Effective for annual periods beginning on or after 1 July 2014.

3 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

4 Effective for annual periods beginning on or after 1 January 2016.

5 Effective for annual periods beginning on or after 1 January 2017.

6 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

HKFRS 15 "Revenue from contracts with customers"

In July 2014, 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.

The directors of the Company are in the process of assessing the impact of HKFRS 15 and consider that it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The directors of the Company anticipates that the application of other new and revised HKFRSs will have no material impact on the Financial Information.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis and in accordance with the following accounting policies which conform to HKFRSs issued by the HKICPA. In addition, the Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and by the Hong Kong Companies Ordinance.

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

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

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

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

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

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

The principal accounting policies adopted are set out below.

Basis of combination

The Financial Information incorporates 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.

Combination 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 combined statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable.

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

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

Plant and equipment

Plant and equipment are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

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

Impairment loss on tangible assets

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

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

Construction contracts

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

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

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

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

Financial instruments

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

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

Financial assets

The Group's financial assets are 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 or points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables and deposits, amounts due from a related company and a director, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables 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 loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

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

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

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

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

Financial liabilities

The Group's financial liabilities including trade and bills payables, other payables and accrued charges and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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

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

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

Retirement benefits costs

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

Leasing

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

The Group as lessee

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

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Taxation

Taxation represents the sum of the income tax expense currently payable and deferred tax.

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information 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 assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 when the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each 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 each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Borrowing costs

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

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligations, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Construction contract

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.

Recognised amounts of construction contract revenue and related receivables reflect management's best estimate of each contract's outcome and stage of completion, which are determined on the basis of a number of estimates. This includes the assessment of the profitability of on-going construction contracts. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty. The actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of each of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes bank borrowings as disclosed in note 23, and equity of the Group, comprising issued share capital and accumulated profits.

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

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 March	
	2014	**2015**
	HK$'000	**HK$'000**
Financial assets		
Loans and receivables (including cash and cash equivalents)	84,464	124,401
Financial liabilities		
Amortised cost	19,842	53,225
Obligations under finance leases	681	956

Financial risk management objectives and policies

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

Currency risk

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

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to its obligations under finance lease (note 22).

The Group's cash flow interest rate risk primarily relates to the pledged bank deposits and bank balances (note 19) as at 31 March 2014 and 2015 as well as floating-rate bank borrowings (note 23) as at 31 March 2014.

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

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Dollar Prime rate arising from the Group's HK$ denominated bank borrowings.

Sensitivity analysis

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

Credit risk

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

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

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

The Group has concentration of credit risks with exposure limited to certain customers. Top two customers amounting to HK$7,002,000 and HK$17,921,000, respectively, comprised approximately 91% and 87% of the Group's trade receivables as at 31 March 2014 and 2015. The directors closely monitor the subsequent settlement of the customers. In this regard, the directors consider that the Group's credit risk is significantly reduced.

As at 31 March 2014 and 2015, the Group has concentration of credit risk in respect of amount due from a related company. In order to minimise the credit risk on amount due from a related company, the Group's management continuously monitors the credit quality and financial conditions of the related company and the level of exposure to ensure that follow-up action is taken to recover overdue debts. The Group's related company represented an entity controlled by Mr. Lam. Under such circumstances, the Group's management considers that the Group's credit risk is not material.

The credit risk for pledged bank deposits and bank balances is considered as not material as such amounts are placed in banks with good reputations.

Liquidity risk

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

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

The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Repayable on demand	Within 1 year	1–5 years	Total undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2014						
Non-derivative financial liabilities						
Trade and bills payable	N/A	—	6,586	—	6,586	6,586
Other payables and accrued charges	N/A	—	12,188	—	12,188	12,188
Bank borrowings — floating rate	3.21%	1,068	—	—	1,068	1,068
Obligations under finance leases	2.50%	—	430	287	717	681
		1,068	19,204	287	20,559	20,523

	Weighted average effective interest rate	Repayable on demand	Within 1 year	1–5 years	Total undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2015						
Non-derivative financial liabilities						
Trade payable	N/A	—	1,215	—	1,215	1,215
Other payables and accrued charges	N/A	—	52,010	—	52,010	52,010
Obligations under finance leases	2.93%	—	618	415	1,033	956
		—	53,843	415	54,258	54,181

Bank borrowings with a repayment on demand clause are included in the "repayable on demand" time band in the above maturity analysis. As at 31 March 2014, the aggregate carrying amounts of these bank borrowings amounted to HK$1,068,000. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management believes that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows would amount to HK$1,271,000 for bank borrowings as at 31 March 2014 which will be repaid within one year from the end of the respective reporting period.

Fair value of financial instruments

Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. Management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values.

7. REVENUE AND SEGMENT INFORMATION

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

Geographical information

No geographical information is presented as the Group's revenue are all derived from Hong Kong based on the location of services delivered and the Group's plant and equipment amounting to HK$1,137,000 and HK$1,604,000 as at 31 March 2014 and 2015 respectively are all located in Hong Kong by physical location of assets.

Information about major customers

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

	Year ended 31 March	
	2014	2015
	HK$'000	HK$'000
The Government of the Hong Kong Special Administrative Region:		
— Architectural Services Department	146,576	43,162
— Hospital Authority	N/A	105,879
An international school in Hong Kong	N/A	29,766

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

During the Relevant Periods, the emoluments paid or payable by the entities comprising the Group to the Company's executive directors were as follows:

	Mr. Lam	Mr. Shut Yu Hang ("Mr. Shut")	Total
	HK$'000 (Note a)	HK$'000 (Note b)	HK$'000
Year ended 31 March 2014			
Fees	—	—	—
Other emoluments			
Salaries and other benefits	1,320	864	2,184
Bonus *(note c)*	500	220	720
Retirement benefit scheme contributions	15	15	30
Total emoluments	1,835	1,099	2,934

	Mr. Lam	Mr. Shut	Total
	HK$'000	HK$'000	HK$'000
Year ended 31 March 2015			
Fees	—	—	—
Other emoluments			
Salaries and other benefits	1,470	915	2,385
Bonus *(note c)*	500	300	800
Retirement benefit scheme contributions	13	18	31
Total emoluments	1,983	1,233	3,216

Notes:

(a) Mr. Lam was appointed as executive director of the Company on 28 May 2015 and he acts as chief executive of the Group. Mr. Lam is also the sole director of Techoy Construction during the Track Record Period.

(b) Mr. Shut was appointed as executive director of the Company on 30 June 2015.

(c) The discretionary bonus is determined by reference to their duties and responsibilities within the Group and the Group's performance.

During the Relevant Periods, no remuneration was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. The directors of the Company did not waive any remuneration during the Relevant Periods.

(b) Employees' emoluments

The five highest paid individuals included both directors of the Company whose emoluments are included in the disclosures in (a) above for the both years. The emoluments of the remaining three individuals for the year ended 31 March 2014 and 2015, respectively were as follows:

	Years ended 31 March	
	2014	2015
	HK$'000	HK$'000
Salaries and other benefits	1,929	2,037
Bonus	535	640
Retirement benefit scheme contributions	45	52
	2,509	2,729

Their emoluments were within the following bands:

	2014	2015
	Number of employees	Number of employees
Nil to HK$1,000,000	1	2
HK$1,000,001 to HK$1,500,000	2	1
	3	3

During the Relevant Periods, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

9. FINANCE COSTS

	Year ended 31 March	
	2014	2015
	HK$'000	HK$'000
The finance costs represent interest on:		
— bank borrowings wholly repayable within five years	411	150
— obligations under finance leases wholly repayable within five years	54	53
	465	203

10. PROFIT BEFORE TAXATION

	Year ended 31 March	
	2014	**2015**
	HK$'000	**HK$'000**
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	44	200
Depreciation of plant and equipment	499	664
Directors' remuneration *(note 8)*	2,934	3,216
Other staff costs		
Salaries and other benefits	16,081	18,589
Retirement benefits scheme contributions	613	694
Total staff costs	19,628	22,499
Lease payments under operating leases in respect of buildings	655	1,302
Bank interest income (included in other income)	—	(92)
Loss on disposal/dissolution of subsidiaries, net (included in other gains and losses)	108	—
Gain on disposal of plant and equipment (included in other gains and losses)	—	(165)

11. INCOME TAX EXPENSE

	Years ended 31 March	
	2014	**2015**
	HK$'000	**HK$'000**
Hong Kong Profits Tax:		
Current tax	(2,514)	(3,526)
Overprovision in prior years	11	10
	(2,503)	(3,516)

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

The tax charge for the Relevant Periods can be reconciled to the profit before taxation as follows:

	Years ended 31 March	
	2014	**2015**
	HK$'000	**HK$'000**
Profit before taxation	14,849	21,312
Tax at the domestic income tax rate	(2,450)	(3,516)
Tax effect of expenses not deductible for tax purpose	(43)	(18)
Tax effect of income not taxable for tax purpose	7	15
Tax effect of deductible temporary differences not recognised	(28)	(7)
Overprovision in prior years	11	10
Tax charge for the year	(2,503)	(3,516)

12. DIVIDENDS

During the years ended 31 March 2014 and 2015, Techoy Construction declared and paid dividends of HK$5,000,000 (HK$0.3125 per share) and HK$9,000,000 (HK$0.5625 per share) to Mr. Lam, respectively.

13. EARNINGS PER SHARE

No earnings per share information is presented for the purpose of this report as its inclusion is not considered meaningful having regard to the Reorganisation of the Group and the result of the Group for the Relevant Periods that is prepared on a combined basis as set out in note 1.

14. PLANT AND EQUIPMENT

	Leasehold Improvements	Plant and machinery	Furniture and fixtures	Motor vehicles	Office equipment	Computer equipment and software	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST							
At 1 April 2013	313	90	979	3,491	494	571	5,938
Disposals	—	—	—	(1,178)	—	—	(1,178)
At 31 March 2014	313	90	979	2,313	494	571	4,760
Additions	13	—	—	1,080	34	4	1,131
Disposals	—	—	—	(693)	—	—	(693)
At 31 March 2015	326	90	979	2,700	528	575	5,198
DEPRECIATION							
At 1 April 2013	270	90	970	1,911	494	567	4,302
Provided for the year	8	—	3	486	—	2	499
Eliminated on disposals	—	—	—	(1,178)	—	—	(1,178)
At 31 March 2014	278	90	973	1,219	494	569	3,623
Provided for the year	8	—	2	648	4	2	664
Eliminated on disposals	—	—	—	(693)	—	—	(693)
At 31 March 2015	286	90	975	1,174	498	571	3,594
CARRYING AMOUNTS							
At 31 March 2014	35	—	6	1,094	—	2	1,137
At 31 March 2015	40	—	4	1,526	30	4	1,604

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

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

As at 31 March 2014 and 31 March 2015, the carrying amounts of motor vehicles included amounts of approximately HK$1,094,000 and HK$1,526,000 in respect of assets held under finance leases respectively.

15. TRADE RECEIVABLES

The Group's credit terms offered to the customers is 30 days from the date of invoices on progress payments of contract works. An aged analysis of the trade receivables presented based on the invoice date at the end of the reporting period.

	As at 31 March	
	2014	2015
	HK$'000	HK$'000
0–30 days	7,420	20,370
31–60 days	—	323
61–90 days	305	—
Over 90 days	8	—
	7,733	20,693

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributable to customers are reviewed regularly. Approximately 96% and 98% of trade receivables as at 31 March 2014 and 2015, respectively, that are neither past due nor impaired have no default of payment in the past and have good credit rating.

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

Included in the Group's trade receivables are debtors with aggregate carrying amount of approximately HK$313,000 and HK$323,000 which are past due at 31 March 2014 and 2015, respectively, for which the Group has not provided for impairment loss as there has not been a significant change in credit quality of the trade receivable and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 75 days and 45 days as at 31 March 2014 and 2015, respectively.

Ageing of trade receivables which are past due but not impaired

	As at 31 March	
	2014	2015
	HK$'000	HK$'000
31–60 days	—	323
61–90 days	305	—
Over 90 days	8	—
Total	313	323

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

The Group has concentration of credit risks with exposure limited to certain customers. Top two customers amounting to HK$7,002,000 and HK$17,921,000, respectively, comprised approximately 91% and 87% of the Group's trade receivables as at 31 March 2014 and 2015. The directors closely monitor the subsequent settlement of the customers. In this regard, the directors consider that the Group's credit risk is significantly reduced.

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 March	
	2014	**2015**
	HK$'000	**HK$'000**
Deposits	123	2,727
Retention receivables *(Note)*	4,837	8,839
Prepayments	118	864
Total	5,078	12,430

Note: Retention monies withheld by customers of contract works are released after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts. As at 31 March 2014 and 2015, the retention receivables are aged within one year. The retention receivables as at 31 March 2014 and 2015 were neither past due nor impaired. These related to customers for whom there was no recent history of default.

17. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	As at 31 March	
	2014	**2015**
	HK$'000	**HK$'000**
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised loss	294,003	124,985
Less: Progress billings	(310,765)	(135,645)
Total	(16,762)	(10,660)
Analysed as:		
Amounts due from customers for contract work	760	—
Amounts due to customers for contract work	(17,522)	(10,660)
	(16,762)	(10,660)

18. AMOUNTS DUE FROM A DIRECTOR/A RELATED COMPANY

Amounts due from a director and a related company

Amounts are unsecured and interest-free and are repayable on demand.

In the opinion of directors of the Company, the amounts are expected to be repayable within twelve months from the end of the reporting periods and recovered before the [REDACTED] of the Company's shares on the Stock Exchange.

Details of amounts due from related companies, which are non-trade nature, are as follows:

Name	Notes	As at 31 March 2014 HK$'000	As at 31 March 2015 HK$'000	Maximum amount outstanding during the year ended 31 March 2014 HK$'000	Maximum amount outstanding during the year ended 31 March 2015 HK$'000
Centech Green Company Limited	(i)	—	—	10	—
Cycle Links Company Limited	(ii)	—	—	16,300	—
Double Tee Company Limited	(iii)	—	—	1	—
Popstate Limited	(iv)	33,719	33,520	46,300	67,598
		33,719	33,520		

Notes:

(i) Centech Green Company Limited was 50% owned by Mr. Lam and deregistered on 2 July 2013.

(ii) Cycle Links Company Limited was 50% owned by Mr. Lam and disposed by Mr. Lam on 2 July 2013.

(iii) Double Tee Company Limited was 50% owned by Mr. Lam during the Relevant Periods and Mr. Lam acquired the remaining 50% interest in Double Tee Company Limited in April 2015.

(iv) Popstate Limited is wholly-owned by Mr. Lam. The amount is fully settled by the payment of dividends of HK$33,520,000 on 8 April 2015 by Techoy Construction to Mr. Lam.

Details of the amount due from a director, which are non-trade nature, are as follows:

Name	As at 31 March 2014 HK$'000	As at 31 March 2015 HK$'000	Maximum amount outstanding during the year ended 31 March 2014 HK$'000	Maximum amount outstanding during the year ended 31 March 2015 HK$'000
Mr. Lam	130	—	34,376	9,887

19. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

As at 31 March 2014 and 2015, pledged bank deposit represents deposit pledged to banks to secure the banking facilities granted to the Group, and carried with prevailing market interest rate ranging from 0.01% to 1.15% per annum.

Bank balances and cash comprise cash held and short term bank deposits with an original maturity of three months or less and carrying interest at prevailing market rate from 0.01% to 1.15% per annum.

20. TRADE AND BILLS PAYABLES

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

	As at 31 March	
	2014	**2015**
	HK$'000	**HK$'000**
Trade payables:		
0–30 days	826	1,215
31–60 days	89	—
Over 60 days	15	—
	930	1,215
Bills payables:		
0–30 days	639	—
31–60 days	186	—
61–90 days	4,831	—
	5,656	—
	6,586	1,215

21. OTHER PAYABLES AND ACCRUED CHARGES

	As at 31 March	
	2014	**2015**
	HK$'000	**HK$'000**
Accrued charges	1,939	32,416
Deposits received	97	97
Retention payables *(note)*	10,152	19,497
	12,188	52,010

Note: Retention monies from sub-contractors of contract works are released by the Group after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts. As at 31 March 2014 and 2015, the retention payables are aged within one year.

22. OBLIGATIONS UNDER FINANCE LEASES

	As at 31 March	
	2014	2015
	HK$'000	HK$'000
Analysed for reporting purpose as:		
Current liabilities	400	581
Non-current liabilities	281	375
	681	956

The Group's has leased certain of its motor vehicles under finance leases. The lease terms were ranged from two to three years for the Relevant Periods. Interest rates underlying all obligations under finance leases were fixed at respective contract dates at 2.50% per annum as at 31 March 2014 and 2.93% per annum in average as at 31 March 2015.

	Minimum lease payments		Present value of minimum lease payments	
	As at 31 March		As at 31 March	
	2014	2015	2014	2015
	HK$'000	HK$'000	HK$'000	HK$'000
Amount payable under finance leases				
Within one year	430	618	400	581
In the second to fifth years inclusive	287	415	281	375
	717	1,033	681	956
Less: Future finance charges	(36)	(77)	—	—
Present value of lease obligations	681	956	681	956
Less: Amount due for settlement within one year (shown under current liabilities)			400	581
Amount due for settlement after one year			281	375

The Group's obligations under finance leases were secured by the lessor's charge over the leased assets.

23. BANK BORROWINGS

	As at 31 March	
	2014	2015
	HK$'000	HK$'000
Carrying amount with repayment on demand clause and repayable within one year	1,068	—

The bank borrowings are at floating rate which carry interest in one-month Hong Kong Interbank Offered Rate plus 3% per annum.

The bank borrowings are guaranteed by the Government of the Hong Kong Special Administrative Region under the SME Loan Guarantee Scheme and personal guarantee by Mr. Lam.

24. SHARE CAPITAL

The share capital as at 1 April 2013 and 31 March 2014 and 31 March 2015 represented the share capital of Techoy Construction. During the year ended 31 March 2015, Techoy Construction increase its share capital by 2,800,000 shares at an aggregate subscription price of HK$2,800,000.

25. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases with a related party, Popstate Limited, which fall due as follows:

	As at 31 March	
	2014	2015
	HK$'000	HK$'000
Within one year	47	1,302
In the second to fifth year inclusive	—	1,302
	47	2,604

The above operating lease payments represent rental payable by the Group for office premises for the Relevant Periods.

Leases and rentals are negotiated and fixed for term of two years.

26. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Techoy Engineering Company Limited ("Techoy Engineering")

As at 1 April 2013, Techoy Construction had 80% equity interest in Techoy Engineering. On 2 July 2013, Techoy Construction had disposed of its 80% equity interest in Techoy Engineering at a cash consideration of HK$800 to a former Shareholder of Techoy Construction and a third party. Techoy Engineering was inactive before the disposal. The net assets of Techoy Engineering on date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Bank balances and cash	302
Other payables and accrued charges	(15)
Tax payable	(35)
	252
Loss on disposal of a subsidiary	
Cash consideration	1
Net assets disposed of	(252)
Non-controlling interests	96
Loss on disposal of a subsidiary	(155)
Net cash outflow arising on disposal:	
Cash consideration	1
Less: bank balances and cash disposed of	(302)
	(301)

(b) Dissolution of Well Yield Industrial Limited ("Well Yield")

As at 1 April 2013, Techoy Construction had 70% equity interest in Well Yield. On 7 March 2014, Well Yield was dissolved. Well Yield was inactive before dissolution. The liabilities of Well Yield on date of dissolution were as follows:

	HK$'000
Other payables and accrued charges	(8)
Gain on dissolution of a subsidiary:	
Liabilities released	8
Non-controlling interests	39
Gain on dissolution of a subsidiary	47

The results and cash flows of Techoy Engineering and Well Yield are not significant since 1 April 2013 to the date of disposal/dissolution.

27. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Financial Information, the Group had the following transactions with its related parties during the Relevant Periods:

	Years ended 31 March	
	2014	2015
	HK$'000	HK$'000
Management fee received from Popstate Limited	120	120
Rental paid to Popstate Limited	600	1,302

Details of the balances with a director and related companies at the end of the respective reporting period are disclosed in the combined statements of financial position, combined statements of cash flows, notes 18 and 25.

Compensation of key management personnel

The remuneration of directors and other members of key management during the years ended 31 March 2014 and 2015 were as follows:

	Year ended 31 March	
	2014	2015
	HK$'000	HK$'000
Short-term benefits	6,467	7,064
Post-employment benefits	105	121
	6,572	7,185

28. RETIREMENT BENEFITS SCHEME

The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years. Effective from June 2014, the cap of contribution amount has been changed from HK$1,250 to HK$1,500 per employee per month.

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

The contributions paid and payable to the scheme by the Group are disclosed in note 10.

29. NON-CASH TRANSACTION

During the year ended 31 March 2015, the Group entered into financial lease arrangements in respect of motor vehicle with a total capital value at the inception of the lease of HK$800,000.

(B) SUBSEQUENT EVENTS

Save as disclosed elsewhere in the Financial Information, subsequent events of the Group and detailed as below.

(1) On 8 April 2015, Techoy Construction declared and paid dividends of HK$33,520,000 (HK$1.783 per share) to Mr. Lam which was settled with the amount due from a related company wholly owned by Mr. Lam.

(2) On 24 July 2015, Techoy Construction declared and paid dividends of HK$1,480,000 (HK$0.079 per Share) to Mr. Lam by cash.

(3) On 22 September 2015, written resolutions of the sole shareholder of the Company was passed to approve the matters set out in the paragraph headed "Written resolutions of our sole shareholder passed on 22 September 2015" in Appendix IV of the [REDACTED]. It was resolved, among other things:

    (i) the authorised share capital of the Company was increased from HK$380,000 to HK$200,000,000 by the creation of 1,962,000,000 new shares of HK$0.01 each;

    (ii) conditionally adopted a share option scheme where eligible participants may be granted options entitling them to subscribe for the Company's shares. No share has been granted since the adoption of the scheme. The principal terms of the share option scheme are summarised in the section headed "Share Option Scheme" in Appendix IV to the [REDACTED]; and

    (iii) conditional upon the share premium account of the Company being credited as a result of the [REDACTED] of the Company's shares, the directors were authorised to capitalise the amount of HK$[REDACTED] from the amount standing to the credit of the share premium account of the Company and to apply such amount to pay up in full at par [REDACTED] shares for allotment and issue to the persons whose name appeared on the register of members of the Company at the close of business on 25 September 2015.

(C) SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company, any of its subsidiaries or the Group have been prepared in respect of any period subsequent to 31 March 2015.

Yours faithfully,

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong