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[REDACTED]

The Directors
Ching Lee Holdings Limited
Kingsway Capital Limited

Dear Sirs,

We set out below our report on the financial information of Ching Lee Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") which comprises the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015 (the "Relevant Periods") and the combined statements of financial position of the Group as at 31 March 2014 and 2015 and 30 September 2015 together with a summary of significant accounting policies and other explanatory notes (the "Financial Information"), together with the comparative financial information of the Group including the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows of the Group for the six months ended 30 September 2014 (the "Comparative Financial Information"), prepared on the basis of presentation set out in Note 2 to the Financial Information, for inclusion in the document of the Company dated [[17] March 2016] (the "Document") in connection with the initial **[REDACTED]** (the "**[REDACTED]**") of the shares of the Company on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated as an exempted company in the Cayman Islands with limited liability on 16 November 2015. Pursuant to a group reorganisation (the "Reorganisation") as more fully explained in Note 2 to the Financial Information, the Company has since 15 December 2015 become the holding company of the subsidiaries now comprising the Group. The Company has not carried on any business since the date of its incorporation save for the Reorganisation.

The Group is principally engaged in the provision of construction and consultancy works and project management services in Hong Kong. As of the date of this report, the particulars of the Company's subsidiaries are as follows:

Name of subsidiary	Place and date of incorporation and type of legal entity	Place of operations	Issued and paid-up capital	Effective interest held by the Company Directly	Indirectly	Principal activities
Ching Lee Group Limited ("Ching Lee Group")	British Virgin Islands("BVI")/ 16 November 2015/Limited liability company	Hong Kong	500 shares of US$500	100%	—	Investment holding

Name of subsidiary	Place and date of incorporation and type of legal entity	Place of operations	Issued and paid-up capital	Effective interest held by the Company Directly	Indirectly	Principal activities
Ching Lee Engineering Limited ("Ching Lee Engineering")	Hong Kong/27 November 1998/ Limited liability company	Hong Kong	3,700,000 shares of HK$3,700,000	—	100%	Provision of construction and consultancy works and project management services in Hong Kong
Ching Lee Foundation Limited ("Ching Lee Foundation")	Hong Kong/ 10 August 2007/ Limited liability company	Hong Kong	1,000 shares of HK$1,000	—	100%	Dormant
Ching Lee Construction Limited ("Ching lee Construction")	Hong Kong/26 May 2003/Limited liability company	Hong Kong	10,000 shares of HK$10,000	—	100%	Property holding
Right Lucky Limited ("Right Lucky")	Hong Kong/25 August 2005/Limited liability company	Hong Kong	1 share of HK$1	—	100%	Property holding

Note: Throughout the Relevant Periods, Mr. Ng Choi Wah ("Mr. Ng") held 65% of the equity interest of Ching Lee Construction. Upon the acquisition of remaining 35% equity interest of Ching Lee Construction from the non-controlling shareholders by Mr. Ng on 15 December 2015, and the subsequent acquisition of the entire 100% equity interest of Ching Lee Construction from Mr. Ng by Ching Lee Group on 15 December 2015 as part of the Reorganisation as disclosed in Note 2 to the Financial Information, the Company's equity interest in Ching Lee Construction increased from 65% to 100%.

Except for Ching Lee Foundation and Ching Lee Construction, which have adopted 30 June as their financial year end date, the Company and the remaining subsidiaries have adopted 31 March as their financial year end date.

No audited financial statements have been prepared for the Company and Ching Lee Group as they are newly incorporated and have not been involved in any significant business transactions except for the Reorganisation.

The statutory financial statements of Ching Lee Engineering for the year ended 31 March 2015, Ching Lee Construction for the years ended 30 June 2013, 2014 and 2015, Right Lucky for the years ended 31 March 2014 and 2015 and Ching Lee Foundation for the year ended 30 June 2015, were audited by BDO Limited, certified public accountants and were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The statutory financial statements of Ching Lee Engineering for the year ended 31 March 2014 and Ching Lee Foundation Limited for the year ended 30 June 2014 were audited by F.W. Ngan & Company, certified public accountants and were prepared in accordance with the Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the HKICPA.

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Group for the Relevant Periods (the "Underlying Financial Statements") in accordance with the basis of presentation set out in Note 2 to the Financial Information below and the significant accounting policies set out in Note 4 to the Financial Information below which conform to HKFRSs issued by the HKICPA. We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA pursuant to separate terms of engagement with the Company.

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements with no adjustment made thereon.

RESPONSIBILITY

The directors of the Company are responsible for the contents of the Document including the preparation and true and fair presentation of the Financial Information in accordance with the basis of presentation set out in Note 2 to the Financial Information below and the significant accounting policies set out in Note 4 to the Financial Information below and the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"), and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility is to form an independent opinion on the Financial Information based on our examination and to report our opinion to you.

BASIS OF OPINION

For the purpose of this report, we have examined the Financial Information of the Group and carried out appropriate procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA. For the purpose of this report, no adjustment to the Financial Information is considered necessary.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, the Financial Information, for the purpose of this report, prepared on the basis of presentation set out in Note 2 to the Financial Information below and in accordance with the significant accounting policies set out in Note 4 to the Financial Information below, gives a true and fair view of the state of affairs of the Group as at 31 March 2014 and 2015 and 30 September 2015 and of the results and cash flows of the Group for the Relevant Periods.

COMPARATIVE FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the Comparative Financial Information, which has been prepared on the basis of presentation set out in Note 2 to the Financial Information below and in accordance with the significant accounting policies set out in Note 4 to the Financial Information below, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of the Company are responsible for the preparation and presentation of the Comparative Financial Information in accordance with the basis of presentation set out in Note 2 to the Financial Information below and the significant accounting policies set out in Note 4 to the Financial Information below and the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules. Our responsibility is to express a conclusion on the Comparative Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Comparative Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Comparative Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 March		Six months ended 30 September	
		2014	**2015**	**2014**	**2015**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Revenue	*7*	200,183	377,356	154,308	154,909
Cost of revenue		(165,674)	(328,560)	(131,823)	(132,307)
Gross profit		34,509	48,796	22,485	22,602
Other income and gains	*8*	581	830	426	495
Administrative and other operating expenses		(22,746)	(25,113)	(10,557)	(12,574)
Finance costs	*10*	(990)	(1,700)	(788)	(925)
Profit before income tax	*9*	11,354	22,813	11,566	9,598
Income tax	*11*	(1,934)	(4,335)	(2,020)	(1,737)
Profit and total comprehensive income for the year/period		9,420	18,478	9,546	7,861

COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 March 2014 HK$'000	As at 31 March 2015 HK$'000	As at 30 September 2015 HK$'000
Non-current assets				
Property, plant and equipment	15	11,526	27,195	24,938
Investment property	16	4,600	—	—
Total non-current assets		16,126	27,195	24,938
Current assets				
Trade and other receivables	18	44,757	70,906	72,242
Pledged deposits	19	13,388	14,259	10,766
Amounts due from customers of contract work	20	13,829	11,547	12,245
Amounts due from related companies	21	15,793	15,831	15,882
Amount due from a director	21	9,629	32,727	41,136
Pledged bank deposit	17	—	1,007	1,010
Bank balances and cash		3,280	5,874	13,580
		100,676	152,151	166,861
Non-current asset held for sale	16	—	4,600	—
Total current assets		100,676	156,751	166,861
Current liabilities				
Trade and other payables	22	31,885	61,807	58,271
Amounts due to customers of contract work	20	31,670	34,112	44,534
Amount due to a director	21	2,397	2,858	2,858
Obligations under finance leases	23	1,248	3,172	2,912
Bank borrowings, secured	24	39,276	56,354	49,288
Provision of taxation		58	1,949	3,823
Total current liabilities		106,534	160,252	161,686
Net current assets/(liabilities)		(5,858)	(3,501)	5,175
Total assets less current liabilities		10,268	23,694	30,113
Non-current liabilities				
Obligations under finance leases	23	2,739	2,790	1,484
Deferred tax liabilities	11	352	799	663
Total non-current liabilities		3,091	3,589	2,147
Net assets		7,177	20,105	27,966
Capital and reserves				
Share capital	25	3,711	3,711	3,711
Retained profits		3,466	16,394	24,255
Total equity		7,177	20,105	27,966

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2013	3,711	10,511	14,222
Profit and total comprehensive income for the year	—	9,420	9,420
Dividend declared	—	(16,465)	(16,465)
At 31 March 2014 and 1 April 2014	3,711	3,466	7,177
Profit and total comprehensive income for the year	—	18,478	18,478
Dividend declared	—	(5,550)	(5,550)
At 31 March 2015 and 1 April 2015	3,711	16,394	20,105
Profit and total comprehensive income for the period	—	7,861	7,861
At 30 September 2015	3,711	24,255	27,966

	Share capital	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2014	3,711	3,466	7,177
Profit and total comprehensive income for the period	—	9,546	9,546
At 30 September 2014 (unaudited)	3,711	13,012	16,723

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 March		Six months ended 30 September	
	2014	**2015**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Operating activities				
Profit before income tax	11,354	22,813	11,566	9,598
Adjustments for:				
Depreciation of property, plant and equipment	1,584	3,904	1,602	2,183
Gain on disposal of non-current asset held for sale	—	—	—	(400)
Fair value gain on investment property	(40)	—	—	—
Bank interest income	—	(17)	(3)	(3)
Interest income on amount due from a director	350	—	—	—
Finance costs	990	1,700	788	925
Operating profit before working capital changes	14,238	28,400	13,953	12,303
Increase in trade and other receivables	(30,945)	(26,149)	(12,034)	(1,336)
(Increase)/decrease in pledged deposits	(6,034)	(871)	(1,361)	3,493
(Increase)/decrease in amounts due from customers of contract work	(4,445)	2,282	(4,550)	(698)
Increase/(decrease) in amounts due to customers of contract work	12,473	2,442	(3,922)	10,422
Increase/(decrease) in trade and other payables	10,890	29,922	18,479	(3,536)
Cash (used in)/generated from operating activities	(3,823)	36,026	10,565	20,648
Income tax (paid)/refunded	(1,630)	(1,997)	(335)	1
Net cash (used in)/generated from operating activities	(5,453)	34,029	10,230	20,649
Investing activities				
Increase in pledged bank deposit	—	(1,007)	(1,003)	(3)
Purchases of property, plant and equipment	(2,288)	(14,814)	(8,327)	(31)
Proceeds from disposal of property, plant and equipment	—	—	—	105
Proceeds from disposal of non-current asset held for sale	—	—	—	5,000
Increase in amounts due from a director and related companies, net	(11,353)	(28,225)	(2,007)	(8,460)
Interest received	—	17	3	3
Net cash used in investing activities	(13,641)	(44,029)	(11,334)	(3,386)

	Year ended 31 March		Six months ended 30 September	
	2014	2015	2014	2015
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Financing activities				
Proceeds from new bank borrowings	27,400	25,080	14,300	—
Repayments of bank borrowings	(17,722)	(4,488)	(3,958)	(7,066)
Capital element of finance lease payments	(532)	(2,784)	(1,258)	(1,566)
Interest paid on bank borrowings	(904)	(1,357)	(614)	(798)
Interest paid on obligations under finance leases	(86)	(343)	(174)	(127)
Net cash generated from/(used in) financing activities	8,156	16,108	8,296	(9,557)
Net (decrease)/increase in cash and cash equivalents	(10,938)	6,108	7,192	7,706
Cash and cash equivalents at beginning of year/period	10,704	(234)	(234)	5,874
Cash and cash equivalents at end of year/period	(234)	5,874	6,958	13,580
Analysis of the balances of cash and cash equivalents				
Bank balances and cash	3,280	5,874	8,405	13,580
Less: Bank overdraft	(3,514)	—	(1,447)	—
	(234)	5,874	6,958	13,580

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 16 November 2015. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Its principal place of business is located at Rooms 203–204, 2/F, Hang Bong Commercial Centre, 28 Shanghai Street, Jordan, Kowloon, Hong Kong.

The principal activities of the Group are provision of construction and consultancy works and project management services in Hong Kong.

2. REORGANISATION AND BASIS OF PRESENTATION

Prior to the Reorganisation, all entities which took part in the Reorganisation were collectively controlled and wholly-owned by Mr. Ng (the "Controlling Shareholder") except that Ching Lee Construction was owned as to 65% and 35% by Mr. Ng and other non-controlling shareholders respectively.

Pursuant to the Reorganisation conducted by the companies now comprising the Group to prepare for the **[REDACTED]**, the Company has since 15 December 2015 become the holding company of its subsidiaries now comprising the Group. Part of the steps under the Reorganisation is described below:

(1) The Company was incorporated in the Cayman Islands on 16 November 2015. The initial authorised share capital of the Company was HK$380,000 divided into 38,000,000 shares of HK$0.01 each. Upon incorporation, 1 nil-paid subscriber share was allotted and issued to the subscriber, which was transferred to Mr. Ng on 16 November 2015.

(2) JT Glory Limited was incorporated in the BVI on 16 November 2015 with an authorised share capital of US$50,000 divided into 50,000 shares of US$1 each. On 16 November 2015, 1 share was allotted and issued to Mr. Ng and credited as fully paid at par.

(3) Ching Lee Group was incorporated in the BVI on 16 November 2015 with an authorised share capital of US$50,000 divided into 50,000 shares of US$1 each. On 16 November 2015, 100 shares were allotted and issued to Mr. Ng and credited as fully paid at par.

(4) On 15 December 2015, Mr. Ng acquired 2,500 shares of Ching Lee Construction (representing 25% of its entire issued share capital) from Mr. Lui Yiu Wing ("Mr. Lui"), a non-controlling shareholder of Ching Lee Construction at a total consideration of approximately HK$428,000 which was settled by cash, which was determined after arm's length negotiation between Mr. Ng and Mr. Lui with reference to the fair value of the 25% interest of Ching Lee Construction.

(5) On 15 December 2015, Mr. Ng acquired 1,000 shares of Ching Lee Construction (representing 10% of its entire issued share capital) from Mr. Lam Ka Fai ("Mr. Lam"), a non-controlling shareholder of Ching Lee Construction at a total consideration of approximately HK$171,000 which was settled by cash, which was determined after arm's length negotiation between Mr. Ng and Mr. Lam with reference to the fair value of the 10% interest of Ching Lee Construction.

Upon completion of steps (4) and (5) above, Ching Lee Construction becomes wholly-owned by Mr. Ng.

(6) On 15 December 2015, Ching Lee Group acquired 10,000 shares of Ching Lee Construction (representing its entire issued share capital) from Mr. Ng at a total consideration of US$100 which was settled by way of the allotment and issue of 100 credited and fully paid new shares of US$1 each of Ching Lee Group to Mr. Ng.

(7) On 8 December 2015, Ching Lee Group acquired 3,700,000 shares of Ching Lee Engineering (representing its entire issued share capital) from Mr. Ng at a total consideration of US$100 which was settled by way of the allotment and issue of 100 credited and fully paid new shares of US$1 each of Ching Lee Group to Mr. Ng. Moreover, on 15 December 2015, Ching Lee Engineering transferred its entire interest in Kingle Limited ("Kingle"), a 10%-owned associate, to Mr. Ng at a consideration of approximately HK$755,000 which was settled through Ching Lee Engineering's current account with Mr. Ng, further details of which are set out in paragraphs headed "Exclusion of Business" below.

(8) On 8 December 2015, Ching Lee Group acquired 1,000 shares of Ching Lee Foundation (representing its entire issued share capital) from Mr. Ng at a total consideration of US$100 which was settled by way of the allotment and issue of 100 credited and fully paid new shares of US$1 each of Ching Lee Group to Mr. Ng.

(9) On 8 December 2015, Ching Lee Group acquired 1 share of Right Lucky (representing its entire issued share capital) from Mr. Ng at a total consideration of US$100 which was settled by way of the allotment and issue of 100 credited and fully paid new share of US$1 each of Ching Lee Group to Mr. Ng.

Upon completion of steps (6), (7), (8) and (9) above, Ching Lee Construction, Ching Lee Engineering, Ching Lee Foundation and Right Lucky become wholly-owned subsidiaries of Ching Lee Group.

(10) On 15 December 2015, the Company acquired the entire issued share capital in Ching Lee Group from Mr. Ng in consideration of which, the Company credited as fully paid at par the 1 nil-paid initial subscriber share held by Mr. Ng and allotted and issued 99 fully paid-up new shares to Mr. Ng. Upon completion of the allotment and issue, Ching Lee Group becomes a wholly-owned subsidiary of the Company.

(11) On 15 December 2015, JT Glory Limited acquired all the issued shares of the Company held by Mr. Ng from Mr. Ng, in consideration of which, JT Glory Limited allotted and issued 98 fully paid-up new shares to Mr. Ng.

Upon completion of the aforementioned steps of the Reorganisation, the issued share capital of the Company was wholly-owned by JT Glory Limited, whereas the issued share capital of JT Glory Limited was wholly-owned by Mr. Ng.

The Company and its subsidiaries now comprising the Group have been both before and after the Reorganisation under the common control of the Controlling Shareholder.

The Reorganisation involved the formation of the Group and is considered as business combinations under common control. Immediately after the Reorganisation, there was a continuation of the risks and benefits to the ultimate controlling party (i.e. the Controlling Shareholder) that existed prior to the Reorganisation. Accordingly, the Reorganisation has been accounted for in accordance with Hong Kong Accounting Guideline 5 *Merger Accounting for Common Control Combinations* and the Financial Information has been prepared using the merger basis of accounting as if the current group structure had been in existence throughout the Relevant Periods.

Upon the completion of the Reorganisation, the Company holds the entire equity interests, directly or indirectly, of companies comprising the Group. For the purpose of the preparation of the Financial Information, all group companies comprising the Group are accounted for as wholly-owned by the Company since their respective dates of incorporation and therefore non-controlling interests of Ching Lee Construction are not presented in the Financial Information.

The combined statements of comprehensive income and combined statements of cash flows of the Group for the Relevant Periods include the results and cash flows of the companies now comprising the Group as if the current structure had been in existence throughout the Relevant Periods, or since their respective dates of incorporation, whichever was shorter. The combined statements of financial position of the Group as at 31 March 2014 and 2015 and 30 September 2015 have been prepared to present the state of the affairs of the Group as if the current group structure had been in existence as at the respective dates.

The assets and liabilities of the companies now comprising the Group are combined using the existing book values from the controlling party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of combination.

Exclusion of Business

As set out in step (7) of the Reorganisation above, Ching Lee Engineering transferred its entire interest in Kingle, a 10%-owned associate, to Mr. Ng on 15 December 2015 as part of the Reorganisation, in which the interest in Kingle shall be excluded from the Group for the purpose of the **[REDACTED]**.

During the Relevant Periods, Kingle has no operation except for making and receiving remaining payments for joint construction projects of Ching Lee Engineering and the independent third party which therefore owned 10% and 90% equity interests in Kingle respectively. The related construction projects had been completed in prior years and the Group currently does not have any joint construction project. Moreover Kingle does not hold any licence to conduct building construction works in Hong Kong, and the principal activities of Kingle and those of the Group are dissimilar. Books and records of Kingle are separately kept from those companies now comprising the Group. Sources of funding of Kingle are mainly from its own operations. Daily operations of the Kingle are operated by its management and independent from the Group.

Accordingly, the Financial Information of the Group for the Relevant Periods has been prepared using the Underlying Financial Statements of the companies now comprising the Group as if the interest in Kingle had been excluded from the Group throughout the Relevant Periods.

For the purpose of the preparation of the Financial Information, the dividend income from Kingle was set off against the amount due from the director.

3. NEW OR REVISED HKFRSs THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

The following new or revised HKFRSs, potentially relevant to the Group, have been issued, but are not yet effective and have not been early adopted by the Group in the preparation of the Financial Information.

HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16	Clarification of Acceptable Methods of Depreciation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 15	Revenue from Contracts with Customers[2]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2017
[3] Effective for annual periods beginning on or after 1 January 2018

Amendments to HKAS 27 — Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework 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 and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of 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 each performance obligation

- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. The Group has so far concluded that the application of these new pronouncements will have no material impact on the Group's financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The Financial Information has been prepared in accordance with the basis of presentation set out in Note 2 and the significant accounting policies set out below, which conform to HKFRSs which in collective term includes Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA. The Financial Information also complies with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

The HKICPA has issued a number of new or revised HKFRSs which are relevant to the Group and become effective during the Relevant Periods. In preparing this Financial Information, the Group has adopted all these new or revised HKFRSs throughout the Relevant Periods.

At the date of this report, certain new or revised HKFRSs have been issued by the HKICPA but are not yet effective and have not been early adopted by the Group, details of which are set out in Note 3.

The Financial Information has been prepared under the historical cost basis except for investment property which is measured at fair value as explained in the accounting policies set out below.

The Financial Information is presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and its major subsidiaries.

It should be noted that accounting estimates and assumptions are used in the preparation of the Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 5.

The Group recorded net current liabilities of approximately HK$5,858,000 and HK$3,501,000 as at 31 March 2014 and 2015, respectively. Notwithstanding the above, the directors of the Company are of the opinion that the Group is able to continue as a going concern.

The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its liabilities as they fall due in the next twelve months from the end of the Reporting Periods after taking into consideration of the following:

(i) The directors have carried out a detailed review of the cash flow forecast of the Group, and consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the twelve months from 30 September 2015; and

(ii) The Group has unutilised bank borrowing facilities of approximately HK$[41,992,000] as at 30 September 2015.

Should the Group be unable to continue to operate as a going concern, adjustments would have been made to write down the value of assets to their recoverable amounts and to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the Financial Information.

(b) Basis of combination and subsidiaries

The Financial Information incorporates the financial statements of the Company and its subsidiaries comprising the Group for the Relevant Periods. As explained in Note 2 above, the Reorganisation is accounted for using merger basis of accounting.

Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the combined financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee; exposure, or rights to, variable returns from the investee; and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

(c) Investment property

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs 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 are recognised as expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The estimated useful lives are as follows:

Leasehold land and buildings	Over the shorter of lease terms or 50 years
Leasehold improvements	4 years
Furniture and equipment	4 years
Motor vehicles	4 years
Machineries	4 years

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from the continued use of the asset.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(e) Leasing

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement regardless of whether the arrangement takes the legal form of a lease.

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

The land and buildings elements of property leases are considered separately for the purposes of lease classification. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of land and buildings as a finance lease of property, plant and equipment.

(i) The Group as lessee under finance lease

Where the Group acquires the right to use the assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present values of the minimum lease payments, of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases.

Subsequent accounting for assets held under finance lease arrangement corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges.

Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(ii) The Group as lessee under operating lease

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

(f) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets are initially measure at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

The Group's financial assets are loans and receivables. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost, less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— granting concession to a debtor because of debtor's financial difficulty;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— a significant or prolong decline in fair value of an investment below its cost.

An impairment loss is recognised in profit or loss and directly reduces the carrying amount of financial asset when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction 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.

(iii) Financial liabilities

The Group classifies its financial liabilities depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred, and are subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised in profit or loss.

Gain or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired.

(g) Construction contracts

When the outcome of construction contracts can be estimated reliably, revenue from construction works and the associated contract costs are recognised according to the stage of completion of individual contract at the end of the reporting period. The stage of completion is determined using percentage of completion method by reference to the contract costs incurred to date as a proportion of the total estimated contract costs.

When the outcome of construction contracts cannot be estimated reliably, no profit is recognised and revenue is recognised only to the extent of contract costs incurred that would probably be recoverable.

Provisions are made for any foreseeable losses when they are identified and recognised immediately as an expense in profit or loss. Variations in contract work, claims and incentive payments are recognised as revenue when it is probably that they will be approved by customers and they can be measured reliably.

Amounts due from customers of contract works represent contract costs incurred plus recognised profits less progress billings and any foreseeable losses. Amounts due to customers of contract works represent the excess of progress billings over contract costs incurred plus recognised profits less any foreseeable losses. Costs mainly comprise materials, direct labour and sub-contractors' fees. Costs incurred during the period in connection with future activity of a contract are recognised as amounts due from customers of contract work provided it is probably that these costs will be recovered. Amounts billed for works performed but not yet paid by the customers are included in the combined statements of financial position under "Trade and other receivables".

Retention monies, representing amounts of progress billings which are payable to sub-contractors or receivables from customers when conditions specified in the contracts undertaken are satisfied, are included in the combined statements of financial position under "Trade and other payables" and "Trade and other receivables" respectively.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, high liquid investments with original maturities of three months or less that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of presentation in the combined statements of cash flows, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(i) Recognition of revenue and other income

Revenue and other income is recognised when it is probable that the economic benefits will flow to the Group and when the income can be measured reliably, on the following basis:

(i) When the outcome of construction contracts can be estimated reliably, revenue from construction works is recognised according to the percentage of completion of individual contract at the end of the reporting period.

(ii) Interest income is recognised on a time proportion basis by reference to the principal outstanding using the effective interest method.

(iii) Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

(j) Income taxes

Income taxes comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or deductible for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(k) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.

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 the reporting period.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(l) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(m) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(n) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

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

(ii) has significant influence over the Group; or

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

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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 the employees of 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).

Close members 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 and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

(o) Non-current assets held for sale

Non-current assets are classified as held for sale when:

— They are available for immediate sale;

— Management is committed to a plan to sell;

— It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;

— An active program to locate a buyer has been initiated;

— The asset is being marketed at a reasonable price in relation to its fair value; and

— A sale is expected to complete within 12 months from the date of classification.

Non-current assets classified as held for sale are measured at the lower of:

— Their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and

— Fair value less costs to sell.

Following their classification as held for sale, non-current assets are not depreciated.

(p) Borrowings costs

Borrowings costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowings costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

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

Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these financial statements, other key sources of estimation uncertainty that have significant risks of resulting in material adjustments to the carrying amounts of assets and liabilities within next financial year are as follows:

(i) Construction contract

Construction contract revenue is recognised according to the percentage of completion of individual construction contract which requires the estimation of contract costs and gross profit margin of each contract. Contract costs and gross profit margin of individual contract is determined based on budget of the contract which was prepared by the management. In order to ensure that the total estimated contract costs are accurate and up-to-date such that gross profit margin can be estimated reliably, management reviews the costs incurred to date and costs to completion regularly, in particular in the case of costs over-runs and revise the estimated contract costs where necessary. Recognition of variations and claims also requires significant estimation and judgement by the management.

Notwithstanding that, the management regularly reviews and revises the estimates of both contract costs and gross profit margin for the construction contracts as the contracts progress, the actual contract costs and gross profit margin may be higher or lower than the estimations and that will affect the revenue and gross profit recognised.

(ii) Impairment of receivables

The impairment policy for bad and doubtful debts of the Group is based on management's evaluation of collectability and ageing analysis of receivables (including amounts due from related parties) and on the specific circumstances for each account. Judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial condition of these customers was to deteriorate resulting in an impairment of their ability to make payments, additional allowance will be required.

(iii) Impairment of non-financial assets receivables

Management assesses impairment by evaluating conditions specific to the Group that may lead to impairment of non-financial assets. When an impairment trigger exists, the recoverable amount of the asset is determined. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates and assumptions about future events, which are subject to uncertainty and might materially differ from the actual results. In making these key estimates and judgements, the directors take into consideration assumptions that are mainly based on market conditions existing at the reporting date and approximate market and discount rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

6. SEGMENT REPORTING

The executive directors of the Company, who are the chief operating decision-makers of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of the Company that are used to make strategy decisions.

Management regularly reviews the operating results from a project-based perspective. The reportable operating segments derive their revenue primarily from provision of construction and consultancy works. Business segment information is not considered necessary.

As the executive directors consider the Group's revenue and results are all derived from provision of construction and consultancy works and project management services in Hong Kong and no Group's consolidated assets are located outside Hong Kong, geographical segment information is not considered necessary.

Information about major customers

Revenue from major customers, each of them accounted for 10% or more of the Group's revenue, are set out below:

	Year ended 31 March		**Six months ended 30 September**	
	2014	**2015**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Customer I	81,641	N/A	N/A	N/A
Customer II	48,469	66,910	23,469	N/A
Customer III	20,156	39,408	19,208	25,551
Customer IV	N/A	76,843	27,232	36,666
Customer V	N/A	53,413	16,890	28,360
Customer VI	N/A	48,052	18,267	20,512
Customer VII	N/A	N/A	N/A	17,977

7. REVENUE

Revenue, which is also the Group's turnover, represents construction work income during the Relevant Periods.

8. OTHER INCOME AND GAINS

	Year ended 31 March		**Six months ended 30 September**	
	2014	**2015**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Bank interest income	—	17	3	3
Sale of scrap materials	—	342	332	29
Interest income on amount due from a director	350	—	—	—
Rental income	127	213	75	—
Fair value gain on an investment property	40	—	—	—
Gain on disposal of non-current asset held for sale	—	—	—	400
Others	64	258	16	63
	581	830	426	495

9. PROFIT BEFORE INCOME TAX

This is arrived at after charging the followings:

	Year ended 31 March		Six months ended 30 September	
	2014	**2015**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Auditor's remuneration	82	116	36	53
Depreciation in respect of:				
— Owned assets	501	1,461	381	1,056
— Leased assets	1,083	2,443	1,221	1,127
	1,584	3,904	1,602	2,183
Employee benefit expenses (including directors' emoluments *(Note 12)*				
— Salaries, allowances and other benefits	12,718	24,690	9,528	12,066
— Contribution to defined contribution retirement plan	551	662	215	484
	13,269	25,352	9,743	12,550
Operating lease payments in respect of land and buildings	221	355	153	163

10. FINANCE COSTS

	Year ended 31 March		Six months ended 30 September	
	2014	**2015**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Interest on bank borrowings *(Note)*				
— Bank loans and overdraft wholly repayable within five years	882	1,295	596	749
— Bank loans wholly repayable after five years	22	62	18	49
Interest element of finance lease payments	86	343	174	127
	990	1,700	788	925

Note: This analysis shows the finance costs of bank borrowings, including term loans which contain a repayment on demand clause, in accordance with scheduled repayment dates set out in the loan agreements. For the years ended 31 March 2014 and 2015 and the six months ended 30 September 2014 and 2015, all agreements of bank borrowings contain a repayment on demand clause.

11. INCOME TAX AND DEFERRED TAX

(i) The amounts of income tax in the combined statements of comprehensive income represent:

	Year ended 31 March		Six months ended 30 September	
	2014	**2015**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Current tax				
— Hong Kont Profits Tax	1,688	3,888	1,863	1,873
Deferred tax	246	447	157	(136)
	1,934	4,335	2,020	1,737

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the Relevant Periods.

The income tax for the Relevant Periods can be reconciled to the profit before income tax in the combined statements of comprehensive income as follows:

	Year ended 31 March		Six months ended 30 September	
	2014	**2015**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Profit before income tax	11,354	22,813	11,566	9,598
Tax calculated at tax rate of 16.5%	1,873	3,764	1,908	1,584
Tax effect of revenue not taxable for tax purposes	(48)	(2)	(12)	(66)
Tax effect of expenses not deductible for tax purposes	119	562	124	219
Tax effect of temporary differences not recognised	—	31	—	—
Tax relief for the year	(10)	(20)	—	—
Income tax	1,934	4,335	2,020	1,737

(ii) Details of the deferred tax liabilities recognised and movements during the Relevant Periods are as follows:

	Accelerated tax depreciation *HK$'000*
At 1 April 2013	106
Charged to profit or loss	246
At 31 March 2014 and 1 April 2014	352
Charged to profit or loss	447
At 31 March 2015 and 1 April 2015	799
Credited to profit or loss	(136)
At 30 September 2015	663

12. DIRECTORS' EMOLUMENTS, HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments of each of the directors for the Relevant Periods are set out below:

	Fees	Salaries, allowances and other benefits	Discretionary bonuses	Pension scheme contribution	Total
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*
Year ended 31 March 2014					
Executive directors					
Mr. Ng	495	641	240	15	1,391
Mr. Lui	675	—	330	15	1,020
	1,170	641	570	30	2,411

	Fees	Salaries, allowances and other benefits	Discretionary bonuses	Pension scheme contribution	Total
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*
Year ended 31 March 2015					
Executive directors					
Mr. Ng	550	1,056	268	18	1,892
Mr. Lui	730	—	390	18	1,138
Mr. Lam	456	—	255	12	723
	1,736	1,056	913	48	3,753

	Fees	Salaries, allowances and other benefits	Discretionary bonuses	Pension scheme contribution	Total
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*
Six months ended 30 September 2015					
Executive directors					
Mr. Ng	300	469	75	9	853
Mr. Lui	390	—	98	9	497
Mr. Lam	318	—	80	9	407
	1,008	469	253	27	1,757

	Fees	Salaries, allowances and other benefits	Discretionary bonuses	Pension scheme contribution	Total
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*
Six months ended 30 September 2014 (unaudited)					
Executive directors					
Mr. Ng	270	582	68	9	929
Mr. Lui	360	—	90	9	459
Mr. Lam	150	—	75	3	228
	780	582	233	21	1,616

No emoluments were paid or payable to the independent non-executive directors during the Relevant Periods.

During the Relevant Periods, 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. In addition, none of the directors waived or agreed to waive any emoluments during the Relevant Periods.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during each of the Relevant Periods included the following non-director individuals whose emoluments are as follows:

	Year ended 31 March		Six months ended 30 September	
	2014	**2015**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Salaries, allowances and other benefits	[2,122]	[2,178]	[920]	[786]
Contribution to pension scheme	[33]	[35]	[17]	[18]
	[2,155]	[2,213]	[937]	[804]

Remuneration of these non-director highest paid individuals was within the following bands:

	Year ended 31 March		Six months ended 30 September	
	2014	**2015**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
HK$Nil – HK$1,000,000	[3]	[1]	[2]	[2]
HK$1,000,001 – HK$1,500,000	[—]	[1]	[—]	[—]

The remaining highest paid individuals are directors of the Company whose emoluments are reflected in the analysis presented in Note 12(a) above.

(c) Senior management's emoluments

Emoluments paid or payable to members of senior management who are not directors were within the following band:

	Year ended 31 March		Six months ended 30 September	
	2014	**2015**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
HK$Nil – HK$1,000,000	5	5	4	6
HK$1,000,001 – HK$1,500,000	[—]	[1]	[—]	[—]

13. DIVIDENDS

	Year ended 31 March		Six months ended 30 September	
	2014	**2015**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Interim dividends	16,465	5,550	[—]	[—]

No dividend has been paid or declared by the Company since its incorporation. For the purpose of this Financial Information, the interim dividends for the years ended 31 March 2014 and 2015 represented interim dividends declared by a group entity to its then shareholder.

No dividend has been paid or declared by any group entity of the Group during the six months ended 30 September 2014 and 2015.

The rates of dividend and the number of shares ranking for dividends are not presented as such information is not meaningful having regard to the purpose of this Financial Information.

14. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results for the Relevant Periods on a combined basis as set out in Note 2 above.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings *HK$'000*	Leasehold improvements *HK$'000*	Furniture and equipment *HK$'000*	Motor vehicles *HK$'000*	Machineries *HK$'000*	Total *HK$'000*
Cost						
At 1 April 2013	7,378	117	839	3,766	—	12,100
Additions	—	—	390	—	4,057	4,447
At 31 March 2013 and 1 April 2014	7,378	117	1,229	3,766	4,057	16,547
Additions	10,112	517	395	510	8,039	19,573
Disposals	—	—	(206)	(71)	—	(277)
At 31 March 2015 and 1 April 2015	17,490	634	1,418	4,205	12,096	35,843
Additions	—	—	31	—	—	31
Disposals	—	—	(715)	—	—	(715)
At 30 September 2015	17,490	634	734	4,205	12,096	35,159
Accumulated depreciation						
At 1 April 2013	1,334	117	702	1,284	—	3,437
Charge for the year	107	—	205	924	348	1,584
At 31 March 2013 and 1 April 2014	1,441	117	907	2,208	348	5,021
Charge for the year	279	65	196	801	2,563	3,904
Write-off on disposals	—	—	(206)	(71)	—	(277)
At 31 March 2015 and 1 April 2015	1,720	182	897	2,938	2,911	8,648
Charge for the period	205	64	88	407	1,419	2,183
Write-off on disposals	—	—	(610)	—	—	(610)
At 30 September 2015	1,925	246	375	3,345	4,330	10,221
Net carrying value						
At 30 September 2015	15,565	388	359	860	7,766	24,938
At 31 March 2015	15,770	452	521	1,267	9,185	27,195
At 31 March 2014	5,937	—	322	1,558	3,709	11,526

Notes:

(a) The Group's leasehold land and buildings are situated in Hong Kong and are held under medium-term lease, which are pledged as securities for the bank facilities of the Group.

(b) The net carrying amount of the Group's property, plant and equipment included in the following amounts in respect of assets held under finance leases:

	As at 31 March		As at 30 September
	2014	**2015**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Motor vehicles	1,541	1,267	860
Machineries	2,381	5,717	4,997
	3,922	6,984	5,857

16. INVESTMENT PROPERTY AND NON-CURRENT ASSET HELD FOR SALE

	As at 31 March		As at 30 September
	2014	**2015**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Fair value			
At beginning of year/period	4,560	4,600	—
Fair value gains	40	—	—
Transferred to non-current asset held for sale	—	(4,600)	—
At end of year/period	4,600	—	—

The Group's investment property was valued at 31 March 2014 by Jones Lang LaSalle Corporate Appraisal and Advisory Limited located at 6/F Three Pacific Place, 1 Queen's Road East, Hong Kong, which is an independent firm of professionally qualified valuers, who has among their staff Members of the Hong Kong Institute of Surveyors with recent experience in the location and category of the property being valued. The valuation of the investment property was using direct comparison approach by making reference to comparable sales evidence as available in the relevant market. The valuation gave rise to net value gains of HK$40,000 during the year ended 31 March 2014.

During the year ended 31 March 2015, the Group entered into a sale and purchase agreement with a staff of a group company who is not a member of senior management of the Group to dispose of its investment property with the then carrying amount at HK$4,600,000 and the disposal would be completed within 12 months. In accordance with HKFRS 5, the Group's investment property has been reclassified as non-current asset held for sale and stated at HK$4,600,000 as at 31 March 2015. The property was disposed of during the six months ended 30 September 2015.

The fair value of the investment property is a Level 3 recurring fair value measurement. Under the direct comparison approach, significant inputs of the residential building include price per square feet ranging from approximately HK$[11,000] to approximately HK$[14,000] per square feet adjusted for discounts range from [4]% to [6]% specific to the location and age of the Group's residential property compared to recent sales on the comparable transactions. The fair value measurement of investment property is negatively correlated to the term yield, reversionary yield and positively correlated to average market unit rent per month under the investment approach.

The fair value measurement is based on the above property highest and best use, which does not differ from its current use.

Fair value adjustment of investment property is recognised in profit or loss. All the gains recognised in profit or loss for the year arise from the investment property held at the end of the reporting period.

There was no transfer between Levels 1, 2 and 3 during the Relevant Periods.

The Group's investment property was situated in the Hong Kong held under medium term lease as at 31 March 2014.

17. PLEDGED BANK DEPOSIT

Pledged bank deposit is pledged to secured bank facilities of the Group.

18. TRADE AND OTHER RECEIVABLES

	As at 31 March		As at 30 September
	2014	2015	2015
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	22,159	38,420	27,233
Retention receivables	19,638	30,079	40,332
Deposits, prepayments and other receivables	2,960	2,407	4,677
	44,757	70,906	72,242

The ageing analysis of trade receivables, based on invoice date, as at the end of each of the Relevant Periods, is as follows:

	As at 31 March		As at 30 September
	2014	2015	2015
	HK$'000	*HK$'000*	*HK$'000*
Within 30 days	21,912	36,364	27,233
31–60 days	247	837	—
61–90 days	—	1,219	—
	22,159	38,420	27,233

The ageing analysis of trade receivables, based on due date, as at the end of each of the Relevant Periods, is as follows:

	As at 31 March		As at 30 September
	2014	2015	2015
	HK$'000	*HK$'000*	*HK$'000*
Neither past due nor impaired	22,159	37,201	27,233
Past due but not impaired			
Past due for less than 30 days	—	1,219	—
	22,159	38,420	27,233

Receivables that were neither past due nor impaired related to a range of customers for whom there was no recent history of default. Receivables that were past due but not impaired related to customers with long business relationship. Based on past experience, management believes that no impairment allowance is necessary as there has not been a significant change in credit quality and the balances are still considered fully recoverable. Credit terms granted to our customers vary from contract to contract, which are generally within 30 days from the date of issuance of the interim certificate.

19. PLEDGED DEPOSITS

Pledged deposits are placed with insurance companies as collaterals for the surety bonds issued in favour of the customers of certain construction contracts. The Group has unconditionally and irrevocably agreed to indemnify the insurance companies for claims and losses the insurance companies may incur in respect of the surety bonds.

20. AMOUNTS DUE FROM/(TO) CUSTOMERS OF CONTRACT WORK

	As at 31 March		As at 30 September
	2014	**2015**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Costs incurred to date plus recognised profits	305,515	641,315	785,235
Less: Progress billings to date	(323,356)	(663,880)	(817,524)
	(17,841)	(22,565)	(32,289)
Amounts due from customers of contract work	13,829	11,547	12,245
Amounts due to customers of contract work	(31,670)	(34,112)	(44,534)
	(17,841)	(22,565)	(32,289)

21. AMOUNTS DUE WITH RELATED COMPANIES AND A DIRECTOR

(i) Particulars of the amounts due from related companies, disclosed pursuant to the Hong Kong Companies Ordinance, are as follows:

	As at 1 April 2013	As at 31 March 2014	Maximum outstanding amount during the year
	HK$'000	*HK$'000*	*HK$'000*
Strong Knight Limited	8,910	15,793	[15,793]

	As at 1 April 2014	As at 31 March 2015	Maximum outstanding amount during the year
	HK$'000	*HK$'000*	*HK$'000*
Able Vantage Guesthouse Company Limited	—	10	[10]
Strong Knight Limited	15,793	15,821	[15,821]
	15,793	15,831	

	As at 1 April 2015	As at 30 September 2015	Maximum outstanding amount during the period
	HK$'000	*HK$'000*	*HK$'000*
Able Vantage Guesthouse Company Limited	10	[60]	[60]
Strong Knight Limited	15,821	[15,822]	[15,822]
	15,831	[15,882]	

Notes:

(a) The amounts due are unsecured, interest-free and repayable on demand.

(b) A director, who is also the beneficial owner of the Company, is also a director and beneficial owner of the above companies.

(ii) Particulars of the amount due from a director, disclosed pursuant to the Hong Kong Companies Ordinance, are as follows:

Name of director	**As at 1 April 2013**	**As at 31 March 2014**	**Maximum outstanding amount during the year**
	HK$'000	*HK$'000*	*HK$'000*
Mr. Ng	19,077	9,629	[22,418]

Name of director	**As at 1 April 2014**	**As at 31 March 2015**	**Maximum outstanding amount during the year**
	HK$'000	*HK$'000*	*HK$'000*
Mr. Ng	9,629	32,727	[32,727]

Name of director	**As at 1 April 2015**	**As at 30 September 2015**	**Maximum outstanding amount during the period**
	HK$'000	*HK$'000*	*HK$'000*
Mr. Ng	32,727	41,136	[41,136]

The amounts due with a director are non-trade in nature, unsecured, interest-free and repayable on demand except that the amount due from the director as at 31 March 2014 was interest-bearing at a rate of 2% per annum.

22. TRADE AND OTHER PAYABLES

	As at 31 March		**As at 30 September**
	2014	**2015**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	21,410	42,873	43,878
Bills payable	1,576	8,230	4,283
Trade and bills payables *(Note)*	22,986	51,103	48,161
Retention payables	1,884	2,687	3,292
Other payables, accruals and deposits received	7,015	8,017	6,818
	31,885	61,807	58,271

Note: [The Group's bills payables are repayable within 120 days. For other trade payables, the credit period granted by suppliers and contractors is normally 30 to 60 days.]

The ageing analysis of trade payables, based on invoice date, as of the end of each of the Relevant Periods is as follows:

	As at 31 March		As at 30 September
	2014	2015	2015
	HK$'000	*HK$'000*	*HK$'000*
0 – 30 days	18,811	36,208	26,343
31 – 60 days	1,498	1,183	4,324
61 – 90 days	704	99	4,108
Over 90 days	397	5,383	9,103
	21,410	42,873	43,878

23. OBLIGATIONS UNDER FINANCE LEASES

The Group leases certain of its motor vehicles and machineries and these leases are classified as finance leases. The lease obligations are secured by the underlying leased assets. The future lease payments under the finance leases are due as follows:

	Minimum lease payments	Interest	Present value of minimum lease payments
	HK$'000	*HK$'000*	*HK$'000*
As at 31 March 2014			
Not later than one year	1,379	131	1,248
Later than one year but not later than five years	2,855	116	2,739
	4,234	247	3,987

	Minimum lease payments	Interest	Present value of minimum lease payments
	HK$'000	*HK$'000*	*HK$'000*
As at 31 March 2015			
Not later than one year	3,388	216	3,172
Later than one year but not later than five years	2,872	82	2,790
	6,260	298	5,962

	Minimum lease payments	Interest	Present value of minimum lease payments
	HK$'000	*HK$'000*	*HK$'000*
As at 30 September 2015			
Not later than one year	3,049	137	2,912
Later than one year but not later than five years	1,516	32	1,484
	4,565	169	4,396

The present value of future lease payments are analysed as:

	As at 31 March		As at 30 September
	2014	2015	2015
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities	1,248	3,172	2,912
Non-current liabilities	2,739	2,790	1,484
	3,987	5,962	4,396

Notes:

(a) The effective interest rates of the Group's obligations under finance lease liabilities as at 31 March 2014 and 2015 and 30 September 2015 ranged from 2.00% to 3.75%, per annum respectively.

(b) As at 30 September 2015, the obligations under finance leases of HK$[1,110,000] (31 March 2015: HK$1,466,000; 31 March 2014: HK$2,159,000) were secured by personal guarantee of a director of the Company.

24. BANK BORROWINGS, SECURED

	As at 31 March		As at 30 September
	2014	2015	2015
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Secured and interest-bearing bank borrowings			
Bank overdraft *(Note (a))*	3,514	—	—
Bank loans subject to repayment on demand clause *(Note (a))*			
— Bank loans due for repayment within one year	19,922	38,792	34,465
— Bank loans due for repayment after one year *(Note (b))*	15,840	17,562	14,823
	35,762	56,354	49,288
	39,276	56,354	49,288

Notes:

(a) Bank loans and bank overdraft are interest-bearing at floating rates. The interest rates of the Group's bank loans and bank overdraft as at 31 March 2014 and 2015 and 30 September 2015 granted under banking facilities ranged from 0.91% to 3.58% per annum.

(b) The current liabilities as at 31 March 2014 and 2015 and 30 September 2015 include such bank loans that are not scheduled to repay within one year after the end of the reporting periods. They are classified as current liabilities as the related loan agreements contain a clause that provides the lenders with an unconditional right to demand repayment at any time at their own discretion. None of the portion of these bank loans due for repayment after one year which contain a repayment on demand clause and that are classified as current liabilities are expected to be settled within one year.

(c) As at the end of each of Relevant Periods, unless stated otherwise, the Group's banking facilities are secured by:

(i) personal guarantees of a director of the Company;

(ii) time deposit;

(iii) leasehold land and buildings and investment property of the Group;

(iv) certain properties of a related company and a director of the Company;

(v) certain properties of a director's spouse as at 31 March 2014; and

(vi) loan guarantees issued by the Government of the Hong Kong Special Administrative Region.

The corresponding banks with the relevant banking facilities granted to the Group as at the date of this report have agreed in principle that the above personal guarantees will be released and replaced by corporate guarantees to be issued by the Company. In the opinion of the Directors, the bank loans which are guaranteed under the SME Loan Guarantee Scheme operated by the Government of the Hong Kong Special Administrative Region will be fully repaid before **[REDACTED]** and the guarantees issued by the Government of the Hong Kong Special Administrative Region will be released accordingly.

As at 31 March 2014 and 2015 and 30 September 2015, the Group's bank borrowings were scheduled to repay as of the end of each of the Relevant Periods as follows:

	As at 31 March		**As at 30 September**
	2014	**2015**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
On demand or within one year	23,436	38,792	34,465
More than one year, but not exceeding two years	4,443	5,200	4,872
More than two years, but not exceeding five years	10,264	8,889	6,655
More than five years	1,133	3,473	3,296
	39,276	56,354	49,288

Note: The amounts due are based on the scheduled repayment dates in the loan agreements and no effect of any repayment on demand clause is taken into account.

25. SHARE CAPITAL

The movements of the Company's authorised and issued share capital are set in Note 2.

For the purpose of this Financial Information, the share capital balance in the combined statements of financial position as at end of each of the Relevant Periods represented the aggregate amount of issued share capital of Ching Lee Engineering, Ching Lee Foundation, Ching Lee Construction and Right Lucky as at that date.

26. OPERATING LEASE COMMITMENTS

Operating leases — The Group as lessee

The Group leases office premises under operating lease arrangement. The leases run for an initial period of one to two years and are non-cancellable. The total future minimum lease payments under these leases are due as follows:

	As at 31 March		As at 30 September
	2014	**2015**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	358	1,131	666
Later than one year and not more than five years	194	247	100
	552	1,378	766

27. RELATED PARTY TRANSACTIONS

Save for those disclosed elsewhere in this Financial Information, the Group has the following significant transactions with related parties.

(a) During the year ended 31 March 2014, the Group received interest income on amount due from a director. Related party transactions were conducted based on the terms mutually agreed between both parties.

(b) During the Relevant Periods, certain office premises of the Group were leased from a director and a company controlled by him at nil consideration and certain leasehold land and buildings of the Group were provided as staff quarter to a director.

(c) Compensation of key management personnel

Remuneration of key management personnel, who are executive directors of the Company, during the Relevant Periods were disclosed in Note 12.

28. GUARANTEES

The Group provided guarantees in respect of the surety bonds issued in favour of the customers of certain construction contracts. Details of these guarantees as of the end of each of the Relevant Periods are as follows:

	As at 31 March		As at 30 September
	2014	**2015**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Aggregate value of the surety bonds issued in favour of customers	34,469	38,340	35,454

The directors are of the opinion that it is not probable that the insurance companies would claim the Group for losses in respect of the guarantee contracts as it is unlikely that the Group is unable to fulfil the performance requirements of the relevant contracts. Accordingly, no provision for the Group's obligations under the guarantees has been made as at the end of each of the Relevant Periods. Moreover, certain surety bonds are also secured by personal guarantees of the directors of a subsidiary and corporate guarantee of a related company.

29. LITIGATIONS

During the Relevant Periods, lawsuits and claims arising from the normal course of business were lodged against the Group which remain outstanding as of the end of each of the Relevant Periods. In the opinion of the directors, sufficient insurance coverage is maintained to cover the losses, if any, arising from most of these lawsuits and claims, or based on opinion from legal counsel, it is difficult at this stage to estimate the possible outflow of economic benefits for certain lawsuits and therefore the ultimate liability under these lawsuits and claims would not have a material adverse impact on the financial position of the Group or no provision should be made.

30. NOTES SUPPORTING COMBINED STATEMENTS OF CASH FLOWS

During the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2014 and 2015, the Group entered into finance lease arrangements in respect of acquisition of property, plant and equipment with a total capital value at the inception of the leases of HK$[2,159,000], HK$[4,759,000], HK$[4,759,000] and HK$[Nil] respectively.

For the year ended 31 March 2015, a group entity, namely Ching Lee Engineering, declared interim dividend amounted to HK$5,550,000 (2014: interim dividends of aggregate HK$16,465,000) to its then shareholder, Mr. Ng, who is also a director and shareholder of the Company. The amount was fully set off against the amount due from a director, Mr. Ng. For the year ended 31 March 2014, the interest income on amount due from a director, Mr. Ng, is included in the amount due from a director, Mr. Ng, as at 31 March 2014.

31. CAPITAL COMMITMENT

As at 31 March 2014 and 2015 and 30 September 2015, the Group did not have any significant capital commitment.

32. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amounts of financial assets and liabilities:

	As at 31 March		As at 30 September
	2014	**2015**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Financial assets			
Loans and receivables at amortised costs			
— Trade and other receivables	44,757	70,906	72,242
— Pledged deposits	13,388	14,259	10,766
— Amounts due from related companies	15,793	15,831	15,882
— Amount due from a director	9,629	32,727	41,136
— Pledged bank deposit	—	1,007	1,010
— Bank balances and cash	3,280	5,874	13,580
Financial liabilities			
Financial liabilities at amortised costs			
— Trade and other payables	31,885	61,807	58,271
— Amount due to a director	2,397	2,858	2,858
— Obligations under finance leases	3,987	5,962	4,396
— Bank borrowings, secured	39,276	56,354	49,288

Above financial instruments are not measured at fair value due to their short term nature, the carrying values of the above financial instruments approximate their fair values.

33. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

The Group is exposed to a variety of financial risks which comprise credit risk, interest rate risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the key management under the policies approved by the board of directors. The Group does not have written risk management policies. However, the directors meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks.

Generally, the Group employs a conservative strategy regarding its financial risk management. As the directors consider that the Group's exposure to financial risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The most significant risks to which the Group is exposed to are described below:

(a) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The Group's credit risk is primarily attributable to its trade and other receivables, amounts due from customers of contract work, pledged deposits, pledged bank deposit, amounts due from related companies and a director, and bank balances. Management has a credit policy in place and the exposures to credit risk are monitored on an ongoing basis.

In respect of trade and other receivables, it is the Group's policy to deal only with creditworthy counterparties. In order to minimise credit risk, management has formulated a credit policy and delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Normally, the Group does not obtain collateral from the counterparties.

In respect of bank balances and cash, pledged deposits and pledged bank deposit, the credit risk is limited because majority of the deposits are placed with reputable banks and financial institutions.

The Group provides guarantees in respect of the surety bonds issued in favour of several customers. As at 31 March 2014 and 2015 and 30 September 2015, the maximum exposure to credit risk of guarantees issued by the Group represented the maximum amount the Group could be required to pay if the guarantees were called on, which are disclosed in Note 28. Management considers it is unlikely that the Group is unable to fulfil the performance requirements of the relevant contracts and accordingly, the Group's exposure to credit risk in this regard is low.

The credit policies have been consistently applied and are considered to be effective in limiting the Group's exposure.

(b) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's interest rate risk mainly arises from bank borrowings. Borrowings arranged at variable rates expose the Group to cash flow interest rate risk.

All of the Group's bank borrowings as at 31 March 2014 and 2015 and 30 September 2015 bore interest at floating rates. Details of bank loans are disclosed in Note 24.

The Group currently does not have an interest rate hedging policy. However, the management closely monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The following sensitivity analysis demonstrates the Group's exposure to a reasonable possible change in interest rates on its floating-rate bank borrowings with all other variables held constant at the end of each of the reporting periods (in practice, the results may differ from the sensitivity analysis below and the difference could be material):

	Increase/(decrease) in profit for the year/period and retained profits			
	Year ended 31 March		**Six months ended 30 September**	
	2014	**2015**	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Changes in interest rate				
+1%	(393)	(564)	(476)	(493)
-1%	393	564	476	493

The changes in interest rates do not affect the Group's other component of equity. The above sensitivity analysis is prepared based on the assumption that the borrowing period of the bank borrowings outstanding at the end of each of the reporting periods resembles that of the corresponding financial years. The assumed changes in interest rate are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the period until the next annual reporting period.

(c) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables and its financing obligations, and also in respect of its cash flow management. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The liquidity policy has been followed by the Group since prior years and is considered to have been effective in managing liquidity risks.

The following tables summarise the remaining contractual maturities of the Group's financial liabilities including bank loans with repayment on demand clause, based on undiscounted cash flows (including interest payments computed using contractual rates or if floating, based on rates ruling at the end of the reporting period) and the earliest date the Group can be required to pay.

Specifically, for bank loans which contain repayment on demand clause which can be exercised at bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

	Carrying amount	**Total contractual undiscounted cash flow**	**Within 1 year or on demand**	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2014						
Trade and other payables	31,885	31,885	31,885	—	—	—
Bank loans subject to repayment on demand clause	35,762	35,762	35,762	—	—	—
Bank overdraft	3,514	3,514	3,514	—	—	—
Amount due to a director	2,397	2,397	2,397	—	—	—
Obligations under finance leases	3,987	4,234	1,380	1,380	1,474	—
	77,545	77,792	74,938	1,380	1,474	—

	Carrying amount	**Total contractual undiscounted cash flow**	**Within 1 year or on demand**	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2015						
Trade and other payables	61,807	61,807	61,807	—	—	—
Bank loans subject to repayment on demand clause	56,354	56,354	56,354	—	—	—
Amount due to a director	2,858	2,858	2,858	—	—	—
Obligations under finance leases	5,962	6,260	3,388	2,434	438	—
	126,981	127,279	124,407	2,434	438	—

	Carrying amount *HK$'000*	Total contractual undiscounted cash flow *HK$'000*	Within 1 year or on demand *HK$'000*	More than 1 year but less than 2 years *HK$'000*	More than 2 years but less than 5 years *HK$'000*	More than 5 years *HK$'000*
At 30 September 2015						
Trade and other payables	58,271	58,271	58,271	—	—	—
Bank loans subject to repayment on demand clause	49,288	49,288	49,288	—	—	—
Amount due to a director	2,858	2,858	2,858	—	—	—
Obligations under finance leases	4,396	4,565	3,049	1,360	156	—
	114,813	114,982	113,466	1,360	156	—

The following tables summarise the maturity analysis of the Group's bank loans (excluding bank overdraft) with repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time banding in the maturity analysis contained above. Taking into account the Group's financial position, the directors do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment. The directors believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Carrying amount *HK$'000*	Total contractual undiscounted cash flow *HK$'000*	Within 1 year or on demand *HK$'000*	More than 1 year but less than 2 years *HK$'000*	More than 2 years but less than 5 years *HK$'000*	More than 5 years *HK$'000*
Bank loans subject to repayment on demand clause						
As at 31 March 2014	35,762	36,833	20,383	4,568	10,483	1,399
As at 31 March 2015	56,354	57,632	39,066	5,376	9,206	3,984
As at 30 September 2015	49,288	50,400	34,667	5,028	6,934	3,771

(d) Capital management

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders, to maintain an optimal capital structure, to reduce the cost of capital and to support the Group's stability and growth.

The Group monitors capital using gearing ratio, which is total debts to equity. Total debts include bank borrowings and obligations under finance leases. Equity represents total equity of the Group.

The directors of the Company actively and regularly review and manage the Group's capital structure, taking into consideration the future capital requirements of the Group, to ensure optimal shareholder's returns. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. 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, raise new debts or sells assets to reduce debts.

The gearing ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 March		As at 30 September
	2014	**2015**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Bank borrowings, secured	39,276	56,354	49,288
Obligations under finance leases	3,987	5,962	4,396
Total debts	43,263	62,316	53,684
Total equity	7,177	20,105	27,966
Gearing ratio	603%	310%	192%

34. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

The following significant events took place subsequent to 30 September 2015:

(a) [A property of the Group has been disposed of to a related company and certain properties were acquired from Mr. Ng and a related company in [●] [2016]. In the opinion of the directors, the considerations of the disposal and acquisition of the properties were determined at the fair value of the properties at the respective date of disposal or acquisition].

(b) [Pursuant to the written resolution of the shareholder of the Company on 10 March 2016, the authorised share capital of the Company has been increased from HK$[380,000] to HK$**[REDACTED]** by the creation of additional [9,962,000,000] shares of HK$0.01 each.]

(c) [Pursuant to the written resolution of the shareholder of the Company on 10 March 2016, and conditional on the same conditions as stated in the sub-paragraph headed "Conditions of the **[REDACTED]**" in the section headed "Structure and Conditions of the **[REDACTED]**" included in the Document of the Company, the following have been approved:

(i) The **[REDACTED]** of **[REDACTED]** new shares offered by the Company and **[REDACTED]** shares offered by **[REDACTED]** at **[REDACTED]** ranging from HK$**[REDACTED]** to HK$**[REDACTED]** per **[REDACTED]** (the "**[REDACTED]**"); and

(ii) Conditional on the share premium account of the Company being credited as a result of the **[REDACTED]**, the directors were authorised to capitalise an amount of HK$**[REDACTED]** standing to the credit of the share premium account of the Company applying such sum in paying up in full at par **[REDACTED]** shares to be allotted and issued to JT Glory Limited.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 30 September 2015.

Yours faithfully,

BDO Limited
Certified Public Accountants