PAK WING GROUP (HOLDINGS) LIMITED
柏榮集團（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8316)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2016

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Pak Wing Group (Holdings) Limited (the "Company" and together with its subsidiaries, the "Group") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 March 2016 amounted to approximately HK$107.3 million (31 March 2015: HK$130.8 million).

- The Group recorded a loss and total comprehensive income attributable to owners of the Company of approximately HK$22.2 million for the year ended 31 March 2016 (profit for the year ended 31 March 2015: HK$11.9 million).

- Loss per share was approximately HK2.93 cents for the year ended 31 March 2016 (31 March 2015: earnings per share of approximately HK1.75 cents).

- The Board does not recommend the payment of final dividend for the year ended 31 March 2016 (31 March 2015: Nil).

- As at 31 March 2016, the Group's current ratio was approximately 1.89 times (31 March 2015: 2.02 times).

- As at 31 March 2016, the Group's cash and bank balances amounted to approximately HK$19,961,000 (31 March 2015: approximately HK$6,425,000) and the Group had bank borrowings and finance leases in total of approximately HK$16,640,000 (31 March 2015: approximately HK$12,444,000).

FINANCIAL RESULTS

The board of Directors (the “Board”) would like to present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2016 together with the comparative audited figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	2016 HK$’000	2015 HK$’000
Revenue	3	**107,306**	130,791
Cost of services		**(106,342)**	(95,866)
Gross profit		**964**	34,925
Other income		**280**	6
Administrative expenses		**(25,252)**	(18,725)
Finance costs	4	**(812)**	(534)
(Loss)/profit before income tax	5	**(24,820)**	15,672
Income tax	6	**2,589**	(3,798)
(Loss)/profit and total comprehensive income for the year attributable to the owners of the Company		**(22,231)**	11,874
(Loss)/earnings per share		***HK cents***	*HK cents*
– Basic and diluted	7	**(2.93)**	1.75

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	**36,915**	25,603
Deferred tax assets		**114**	–
		37,029	25,603
Current assets			
Amounts due from customers for contract work	10	**3**	1,159
Trade and other receivables	11	**26,285**	40,614
Current tax recoverable		**3,627**	915
Cash and cash equivalents		**19,961**	6,425
		49,876	49,113
Current liabilities			
Amounts due to customers for contract work	10	**2,350**	–
Trade and other payables	12	**15,731**	16,215
Obligations under finance leases	13	**5,730**	3,014
Bank borrowings, secured	14	**2,640**	5,137
		26,451	24,366
Net current assets		**23,425**	24,747
Total assets less current liabilities		**60,454**	50,350
Non-current liabilities			
Obligations under finance leases	13	**8,270**	4,293
Deferred tax liabilities		**64**	2,504
		8,334	6,797
NET ASSETS		**52,120**	43,553
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	**8,000**	22
Reserves		**44,120**	43,531
TOTAL EQUITY		**52,120**	43,553

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Share capital *HK$'000*	Share premium* *HK$'000*	Merger reserve* *HK$'000*	Retained earnings* *HK$'000*	Total *HK$'000*
As at 1 April 2014	20	–	–	32,657	32,677
Profit and total comprehensive income for the year	–	–	–	11,874	11,874
Issue of new shares on incorporation of new group companies	2	–	–	–	2
Interim dividend *(note 8)*	–	–	–	(1,000)	(1,000)
As at 31 March 2015 and 1 April 2015	22	–	–	43,531	43,553
Loss and total comprehensive income for the year	–	–	–	(22,231)	(22,231)
Arising from group reorganisation	(22)	–	22	–	–
Issue of shares upon the group reorganisation	380	51,347	(51,727)	–	–
Capitalisation issue of shares	6,420	(6,420)	–	–	–
Issue of shares under placing	1,200	40,800	–	–	42,000
Share issurance expenses	–	(3,202)	–	–	(3,202)
Interim dividend *(note 8)*	–	–	–	(8,000)	(8,000)
As at 31 March 2016	8,000	82,525	(51,705)	13,300	52,120

* These reserve accounts comprise the consolidated reserve of approximately HK44,120,000 in the consolidated statement of financial position as at 31 March 2016 (2015: HK$43,531,000).

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	2016	2015
	HK$'000	*HK$'000*
Cash flows from operating activities		
(Loss)/profit before income tax	**(24,820)**	15,672
Adjustments for:		
Depreciation of property, plant and equipment	**11,052**	7,323
Finance costs	**812**	534
Loss on disposal on property, plant and equipment	**241**	110
Impairment loss on retention receivables	**1,076**	–
Operating (loss)/profit before working capital changes	**(11,639)**	23,639
Decrease/(increase) in amounts due from customers for contract work	**1,156**	(594)
Decrease/(increase) in trade and other receivables	**13,253**	(15,527)
Increase in amounts due to customers for contract work	**2,350**	–
(Decrease)/increase in trade and other payables	**(484)**	3,854
Cash generated from operations	**4,636**	11,372
Income tax paid, net	**(2,676)**	(11,271)
Net cash generated from operating activities	**1,960**	101
Cash flows from investing activities		
Purchases of property, plant and equipment	**(9,642)**	(4,574)
Proceeds from disposal of property, plant and equipment	**533**	4
Net cash used in investing activities	**(9,109)**	(4,570)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	**42,000**	2
Share issuance expenses	**(3,202)**	–
Interim dividend paid	**(8,000)**	(1,000)
Decrease in amounts due to directors	**–**	(1,184)
Repayment of obligations under finance leases	**(6,804)**	(2,613)
Interest paid	**(812)**	(534)
Proceed from bank borrowings	**3,158**	10,643
Repayment of bank borrowings	**(5,655)**	(5,506)
Net cash generated from/(used in) financing activities	**20,685**	(192)
Net increase/(decrease) in cash and cash equivalents	**13,536**	(4,661)
Cash and cash equivalents at beginning of the year	**6,425**	11,086
Cash and cash equivalents at end of the year	**19,961**	6,425

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 15 July 2014, as an exempted company with limited liability under the Companies Law (2004 revision) Chapter 22 of the Cayman Islands. The registered office and principal place of business of the Company are located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and Room 2815-16, 28/F, New Tech Plaza, 34 Tai Yau Street, San Po Kong, Kowloon, Hong Kong, respectively. The Company is an investment holding company and its shares were listed on GEM on 10 August 2015 (the "Listing"). The Group is principally engaged in the foundation business as a foundation subcontractor in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company, and all values are rounded to the nearest thousands, except when otherwise indicated.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective on 1 April 2015

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

The adoption of these amendments has no material impact on the Group's financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instrument[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

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.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 – Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a subsidiary of an investment entity (including investment entities that account for their subsidiaries at fair value rather than consolidating them). An investment entity parent will consolidate a subsidiary only when the subsidiary is not itself an investment entity and the subsidiary's main purpose is to provide services that relate to the investment entity's investment activities. A non-investment entity applying the equity method to an associate or joint venture that is an investment entity may retain the fair value measurements that associate or joint venture used for its subsidiaries. An investment entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss should provide the disclosures related to investment entities as required by HKFRS 12.

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 steps 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.

HKFRS 16 – Leases

HKFRS 16 supersedes HKAS 17 Leases, HK(IFRSC) – Int 4 Determining whether an Arrangement contains a lease, HK(SIC) – Int 15 Operating Lease-Incentives and HK(SIC) – Int 27 Evaluating Substance of Transactions involving the Legal Form of a Lease.

HKFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with HKAS 17. Under HKFRS 16, leases are recorded on the statement of financial position by recognising a liability for the present value of its obligation to make future lease payments with assets (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

HKFRS 16 contains options which do not require a lessee to recognise assets and liabilities for (a) short term leases (i.e. leases of 12 months or less, including the effect of any extension options) and (b) leases of low-value assets (for example, a lease of a personal computer). HKFRS 16 clarifies that a lessee separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components.

The Group is in the process of making an assessment of the potential impact of adopting the above Standards and amendments to existing Standards to the Group. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue from contract work is recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the gross billing value of contracting work can be measured reliably. The stage of completion of a contract is established by reference to surveys of work performed.

Operating segment

The Group was principally engaged in the provision of foundation works. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole, as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

The Group's revenue was principally derived from Hong Kong, based on the location of the customers, and all of its non-current assets were located in Hong Kong, based on the location of assets. Therefore, no geographical information is presented.

Information about major customers

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

	2016	2015
	HK$'000	*HK$'000*
Oriental Boring & Eng. Ltd.	**N/A**	20,941
Customer A	**18,585**	22,287
Customer B	**N/A**	24,926
Customer C	**N/A**	15,566
Customer D	**42,917**	N/A
Customer E	**19,629**	N/A

N/A Revenue from the customer during the year did not exceed 10% of the Group's revenue.

4. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on bank borrowings	**143**	139
Interest on finance leases	**669**	395
	812	534

5. (LOSS)/PROFIT BEFORE INCOME TAX

	2016	2015
	HK$'000	*HK$'000*
(Loss)/profit before income tax is arrived at after charging:		
Auditor's remuneration	**570**	200
Listing expenses	**6,380**	6,720
Impairment loss on retention receivables	**1,076**	–
Loss on disposal of property, plant and equipment	**241**	110
Depreciation of property, plant and equipment	**11,052**	7,323
Operating lease rentals in respect of:		
– Land and buildings	**1,592**	1,579
– Plant and equipment	**10,596**	6,331
Employee benefit expense (including Directors' remuneration)	**34,698**	33,022

6. INCOME TAX

	2016	2015
	HK$'000	*HK$'000*
Current tax for the year:		
Hong Kong profits tax		
– charge for the year	**–**	(3,339)
– over provision in respect of prior years	**35**	–
Deferred tax	**2,554**	(459)
Income tax	**2,589**	(3,798)

Hong Kong profits tax is calculated at 16.5% (2015: 16.5%) on the estimated assessable profits during the years.

7. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share attributable to the ordinary equity holders of the Group is based on the following data:

	2016	2015
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/earnings for the purpose of basic (loss)/earnings per share	**(22,231)**	11,874

	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**758,033**	680,000

There were no potential ordinary shares in issue for the years ended 31 March 2016 and 2015. Accordingly, the diluted (loss)/earnings per share presented is the same as basic (loss)/earnings per share.

8. DIVIDEND

	2016	2015
	HK$'000	*HK$'000*
Interim dividend	**8,000**	1,000

The interim dividend for the current and prior year represented those declared and paid by Pak Wing Group Limited and Unicorn World Holding Limited to their then shareholders prior to the completion of the group reorganisation.

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Machineries *HK$'000*	Furniture and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost					
As at 1 April 2014	74	24,668	259	3,436	28,437
Additions	924	7,537	153	520	9,134
Disposals	(74)	–	(34)	(82)	(190)
As at 31 March 2015	924	32,205	378	3,874	37,381
Additions	–	18,416	937	3,786	23,139
Disposals	–	–	–	(1,095)	(1,095)
As at 31 March 2016	924	50,621	1,315	6,565	59,425
Accumulated depreciation					
As at 1 April 2014	31	3,835	33	632	4,531
Provided for the year	236	5,989	73	1,025	7,323
Written back on disposal	(37)	–	(6)	(33)	(76)
As at 31 March 2015	230	9,824	100	1,624	11,778
Provided for the year	276	8,896	215	1,665	11,052
Written back on disposal	–	–	–	(320)	(320)
As at 31 March 2016	506	18,720	315	2,969	22,510
Net book value					
As at 31 March 2016	418	31,901	1,000	3,596	36,915
As at 31 March 2015	694	22,381	278	2,250	25,603

The net carrying amount of property, plant and equipment includes the following assets held under finance leases (Note 13).

	2016 ***HK$'000***	2015 *HK$'000*
Machineries	**15,792**	9,439
Motor vehicles	**3,094**	502
	18,886	9,941

10. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	2016	2015
	HK$'000	*HK$'000*
Contracts in progress at the end of the reporting periods:		
Contract costs incurred	**53,209**	32,825
Recognised profits less recognised losses	**6,395**	15,251
	59,604	48,076
Less: progress billings	**(61,951)**	(46,917)
	(2,347)	1,159
Amounts due from customers for contract work	**3**	1,159
Amounts due to customers for contract work	**(2,350)**	–
Construction contracts in progress, net position	**(2,347)**	1,159

As at 31 March 2016, retentions held by customers for contract work included in trade and other receivables (Note 11) amounted to HK$ 4,365,000 (2015: HK$4,303,000).

As at 31 March 2016, contract work in progress amounted to approximately HK$3,000 (2015: HK$1,159,000), representing costs incurred that relate to future activity on contracts.

11. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables *(Note (a))*	**19,889**	32,020
Retention receivables *(Note (b))*	**4,365**	4,303
Other receivables	**613**	828
Prepayments and deposits	**1,418**	3,463
	26,285	40,614

Notes:

(a) The Group grants an average credit period of 30 to 60 days to its trade customers of contract works. Application for progress payments of contract works is made on a regular basis.

The following is an analysis of trade receivables by age, presented based on the invoice dates:

	2016	2015
	HK$'000	*HK$'000*
Less than 1 month	**7,360**	7,381
1 to 3 months	**9,058**	14,160
More than 3 months but less than one year	**3,471**	10,479
	19,889	32,020

The ageing of trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2016	2015
	HK$'000	*HK$'000*
Neither past due nor impaired	**7,145**	7,489
Less than 1 month past due	**4,409**	13,900
1 to 3 months past due	**7,245**	6,442
More than 3 months past due but less than 12 months past due	**1,090**	4,189
	19,889	32,020

Trade receivables that were neither past due nor impaired relate to customers for whom there is no recent history of default.

Trade receivables that were past due but not impaired relate to customers that have a good track records with the Group. Based on the past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Movement in provision for impairment of trade receivables is as follows:

	HK$'000
As at 1 April 2014, 31 March 2015 and 1 April 2015	171
Impairment loss recognised	–
As at 31 March 2016	171

(b)

	2016	2015
	HK$'000	*HK$'000*
Retention receivables	**5,441**	4,303
Less: provision for impairment on retention receivables	**(1,076)**	–
	4,365	4,303

Retention monies withheld by customers of contract works are released after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts.

The below table reconciled the impairment loss of retention receivables for the current and prior years:

	HK$'000
As at 1 April 2014, 31 March 2015 and 1 April 2015	–
Impairment loss recognised	1,076
As at 31 March 2016	1,076

Included in the above provision for impairment of retention receivables is a provision for individually impaired retention receivables of approximately of HK$1,076,000 as at 31 March 2016 with a carrying amount of approximately HK$1,076,000 as at 31 March 2016.

12. TRADE AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables *(Note (a))*	**12,471**	11,123
Other payables and accruals	**3,260**	5,092
	15,731	16,215

(a) The following sets out the ageing analysis of trade payables presented based on the invoices dates:

	2016	2015
	HK$'000	*HK$'000*
Less than 1 month	**6,861**	3,878
1 to 3 months	**4,855**	5,567
More than 3 months but less than one year	**750**	551
More than one year	**5**	1,127
	12,471	11,123

The Group's trade payables are non-interest bearing and generally have payment terms of less than 60 days.

13. FINANCE LEASES

The Group leases a number of its machines and motor vehicles for business use. Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

Future lease payments are due as follows:

	Minimum lease payments	Interest	Present value
	HK$'000	*HK$'000*	*HK$'000*
As at 31 March 2016			
Not later than one year	6,283	553	5,730
Later than one year and not later than two years	4,457	300	4,157
Later than two years and not later than five years	4,231	118	4,113
	14,971	971	14,000
As at 31 March 2015			
Not later than one year	3,324	310	3,014
Later than one year and not later than two years	2,984	145	2,839
Later than two years and not later than five years	1,503	49	1,454
	7,811	504	7,307

14. BANK BORROWINGS, SECURED

	2016	2015
	HK$'000	*HK$'000*
Current		
Bank borrowings, secured	**2,640**	5,137

The bank borrowings bear interest at the Hong Kong Prime Rate minus 2% per annum (2015: Hong Kong Prime Rate minus 1.75% to 3.1% per annum).

15. SHARE CAPITAL

	Number	Amount
		HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At date of incorporation, 31 March 2015 and 1 April 2015	38,000,000	380,000
Increase in authorised share capital on 6 July 2015 *(Note (a))*	962,000,000	9,620,000
At 31 March 2016	1,000,000,000	10,000,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At the date of incorporation	1	–
Issue of a share on 13 January 2015	1	–
Issue of shares upon group reorganisation *(Note (c))*	37,999,998	380
Capitalisation Issue of shares *(Note (d))*	642,000,000	6,420
Issue of shares under placing *(Note (e))*	120,000,000	1,200
At 31 March 2016	800,000,000	8,000

(a) The Company was incorporated in the Cayman Islands on 15 July 2014 with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. On the same date, one ordinary share of HK$0.01 was issued to subscriber at nil paid, and was transferred to Get Real Holdings Limited ("Get Real") for nil consideration. On 13 January 2015, Dor Holdings Limited ("Dor Holdings") subscribed one ordinary share of HK$0.01 at nil paid. Pursuant to the written resolutions passed on 6 July 2015, the authorised share capital of the Company was increased from HK$380,000 to HK$10,000,000 by the creation of an additional 962,000,000 ordinary shares.

(b) The share capital of the Group as at 31 March 2015 represented the aggregate amount of the share capital of the subsidiaries and was transferred to merger reserve upon the group reorganisation.

(c) On 6 July 2015, Get Real and Dor Holdings, each as a vendor, and the Company, as purchaser, entered in a share swap deed, pursuant to which the Company acquired a 50% of the entire equity interest of Pak Wing Group Limited and Unicorn World Holdings Limited from each of the vendors and as consideration for which (i) the 1 and 1 nil-paid shares in the Company held by Get Real and Dor Holdings respectively were credited as fully paid, and (ii) 18,999,999 and 18,999,999 shares of the Company were issued and allotted to each of Get Real and Dor Holdings respectively, all credited as fully paid.

(d) Pursuant to written resolutions passed on 6 July 2015, the Directors authorised to capitalise a sum of approximately HK$6,420,000 from the amount standing to the credit of the share premium account of the Company and applied such amount to pay up in full at par of 642,000,000 ordinary shares of the Company ("Capitalisation Issue").

(e) Under a placing took place during the year, 120,000,000 new ordinary shares of HK$0.01 each were issued at a price of HK$0.35 per share for a total cash consideration (before share issuance expenses) of approximately HK$42,000,000.

16. RELATED PARTY TRANSACTIONS

The Group entered into the following significant related party transactions during the year.

Name of related parties	Nature of transactions	**2016** **HK$'000**	2015 *HK$'000*
Oriental Boring & Eng. Ltd. *(Note (a))*	Income from provision of construction services *(Note (c))*	–	20,941
	Contract related services charge *(Note (c))*	–	557
	Purchase of contract materials *(Note (c))*	–	101
Air Power Limited *(Note (b))*	Machinery rental expense *(Note (c))*	–	9

Notes:

(a) Oriental Boring & Eng. Ltd. is beneficially owned by the parents of Mr. Tse Chun Kit, a director of the Company.

(b) Mr. Tse Chun Kit, a director of the Company, has a beneficial interest of 50% in Air Power Limited.

(c) The transactions were conducted on terms and conditions mutually agreed between the relevant parties. The Directors are of the opinion that these related party transactions were conducted in the ordinary course of business of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

The Group is principally engaged in the foundation business as a foundation subcontractor in Hong Kong. The projects involved LS work, mini piling, H-piling and other works. The target customers principally comprise main contractors and subcontractors. The Group does not engage as a main contractor, as the Group strive to avoid being seen as a threat to those main contractors who are also the Group's customers. The Group are normally required to follow the pre-determined works schedule of rates, breakdowns by specifications of types of works to be done as well as the volume and quantities of construction materials and labour to be used.

During the year, the Group achieved a key milestone in its history that the shares of Company were successfully listed on GEM on 10 August 2015. The Listing has not only enhanced the Group's profile in the industry, but also provided the Group with a strengthened cash flow base with the listing proceeds raised. The Group has implemented part of and is committed to implementing its future plans i.e. acquiring machinery and strengthening its manpower as disclosed in the Prospectus.

In recent months, the funding approval process within the Government of Hong Kong has been severely delayed due to the filibustering at the Public Works Sub-committee of the Finance Committee of the Legislative Council (LegCo) of Hong Kong. According to Government information, up to March 2016, among the 72 public construction projects totaling HK$67.5 billion submitted to the LegCo this year, only two projects, worth some HK$300 million, have been approved so far, which has resulted in fewer works in the pipeline for the construction industry as a whole and also increased the competition from other contractors seeking to tender projects at low price. The deterioration in economic environment and increasing labour costs have also posed plenty of challenges to the Group.

Notwithstanding such unforeseeably difficult business environment in which the Group operated, with the Group's experienced management team and reputation in the market, the Directors consider that the Group is well-positioned to compete against its competitors under such future challenges that are commonly faced by all competitors, and the Group will continue to pursue the following key business strategies: (i) further strengthening the manpower; (ii) acquisition of additional equipment and machinery to strengthen the ability of project implementation; and (iii) strengthening its market position by continuing to provide quality work to its customers.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2016 was approximately HK$107.3 million, representing a decrease of approximately HK$23.5 million or 18.0% as compared to the revenue for the year ended 31 March 2015. The declined revenue was a result of the difficult business environment in which the Group has operated as elaborated above and some unforeseeable factors such as delayed completion of certain foundation projects during the year.

Gross Profit and Gross Profit Margin

For the year ended 31 March 2016, the Group recorded a gross profit of approximately HK$1.0 million (2015: HK$34.9 million) and the gross profit margin was approximately 0.9% (2015: 26.7%). The declined gross profit margin was as a result of, a decrease in revenue and an increase in machineries rental expenses incurred in order to meet additional requirements of certain foundation projects. And also an increase in depreciation and related machinery costs by the acquiring additional machineries during the year.

Administrative Expenses

The administrative expenses increased by approximately HK$6.6 million or 34.9% from HK$18.7 million for the year ended 31 March 2015 to HK$25.3 million for the year ended 31 March 2016. The increase was mainly due to the impairment loss on retention receivables and listing-related expenses (including the increase in directors' emoluments, company secretary fee, compliance advisory fee and other professional fee incurred after the Listing).

Finance Costs

Finance costs increased by approximately HK0.3 million or 52% from approximately HK$0.5 million for the year ended 31 March 2015 to approximately HK$0.8 million for the year ended 31 March 2016. The increase was mainly due to an increase in finance leases.

(Loss)/Profit and Total Comprehensive Income Attributable to Owners of the Company

Net Loss and total comprehensive income for the year ended 31 March 2016 was approximately HK$22,231,000 (2015: profit HK$11,874,000). Such decrease mainly due to the decrease in revenue and gross profit and increase in administration expenses.

Liquidity, Financial Resources and Capital Structure

The Group's shares were successfully listed on GEM on 10 August 2015. There has been no change in the capital structure of the Group since the date of Listing and up to the date of this announcement.

	2016	2015
	HK$'000	*HK$'000*
Current assets	**49,876**	49,113
Current liabilities	**26,451**	24,366
Current ratio	**1.89**	2.02

The current ratio of the Group as at 31 March 2016 was approximately 1.89 times as compared to that of approximately 2.02 as at 31 March 2015.

As at 31 March 2016, the Group had total cash and cash equivalents of approximately HK$19,961,000 (2015: approximately HK$6,425,000). It was mainly resulted from the funds rasied from the Listing in August 2015.

As at 31 March 2016 and 31 March 2015, the Group had bank borrowing and finance leases in total of approximately HK$16,640,000 and HK$12,444,000 respectively. The scheduled repayment date of the Group's bank borrowings and finance leases were as follows:

	2016	2015
	HK$'000	*HK$'000*
Within 1 year	**8,370**	8,151
Between 1 and 2 years	**4,157**	2,839
Between 2 and 5 years	**4,113**	1,454
	16,640	12,444

Gearing Ratio

The gearing ratio of the Group, calculated as net debt divided by total capital plus net debt. Net debt is calculated as the total of borrowings less cash and cash equivalents. Capital includes equity attributable to owners of the Company.

	2016	2015
	HK$'000	*HK$'000*
Total debt	**16,640**	12,444
Less: Cash and cash equivalents	**(19,961)**	(6,425)
Net debt	**(3,321)**	6,019
Equity attributable to the owners of the Company	**52,120**	43,553
Gearing ratio	**N/A**	13.82%

N/A as the gearing ratio is negative.

Treasury Policies

The Group adopts a conservative approach towards its treasury policies. The Group's credit risk is primarily attributable to trade and retention receivables and deposits with banks. The credit risk of the Group's trade and retention receivables is concentrated since approximately 86.9% of which was derived from five major customers as at 31 March 2016 (2015: approximately 77.4%). As the customers of the Group are reputable corporations, the credit risk is considered to be low. The Group's major bank balances are deposited with banks with good reputation and hence the management does not expect any losses from nonperformance by these banks. In relation to the management of liquidity risk, the Group's policy is to regularly monitor the liquidity requirements in order to maintain sufficient reserves of cash and adequate committed lines of funding from major banks to meet the liquidity requirements in short and long term.

Dividend

The Board does not recommend the payment of final dividend for the year ended 31 March 2016 (2015: Nil).

Contingent Liabilities

As at 31 March 2016, the Group did not have any significant contingent liabilities.

Pledge of Assets

As at 31 March 2016, the Group had no assets pledged for bank borrowings or for other purpose.

Capital Commitments

The Group's capital commitments outstanding at the year ended, not provided for in the financial statement are as follows:

	2016	2015
	HK$'000	*HK'000*
Contracted but not provided for:		
Property, plant and equipment	**1,000**	732

As at 31 March 2016, save for the above, the Group did not have other significant commitments.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the year ended 31 March 2016, the Group did not have any material acquisitions and disposal of subsidiaries and affiliated companies.

Significant Investments held by the Group

During the year ended 31 March 2016 there was no significant investment held by the Group.

Future Plan for Material Investments and Capital Assets

The Group does not have any concrete plan for material investments or capital assets for the coming year.

Foreign Currency Exposure

As most of the Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars, the Group's exposure to exchange rate risk is limited.

Employees and Remuneration Policy

As at 31 March 2016, the Group employed a total of 70 staff. The total employee remuneration, including remuneration of the Directors, for the year ended 31 March 2016 amounted to approximately HK$34.7 million.

The Group entered into separate labour contracts with each of our employees in accordance with the applicable labour laws in Hong Kong. The Group provides its staff with various benefits including discretionary bonus, contributory provident fund and medical insurance. The Group also provides and sponsors various types of training to employees and offer options that may be granted to employees under the share option scheme.

Comparison of Business Objectives with Actual Business Progress

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the date of Listing to 31 March 2016 is set out below:

Business strategies as stated in the Prospectus	Business objectives up to 31 March 2016 as stated in Prospectus	Actual business progress up to 31 March 2016
Acquiring machinery	Purchasing one boring rig, four air compressors and one crawler crane	The Group has acquired two air compressors, three boring rigs and two hydraulic excavators, which was financed by the proceeds from the Listing of approximately HK$7.7 million and by Group's internal resources of approximately HK$0.5 million, other additional machineries were through finance leases by approximately HK$10.2 million.
Strengthening our manpower	Recruiting operations staff and workers and providing trainings to our staff members	The Group has recruited one site agent, one project manager, two foremen and four machine operators and provided trainings to the Group's staff members by the proceeds from the Listing of approximately HK$1.1 million. The Group is still in the progress of recruiting more experienced operations staff and workers.

Use of Proceeds from Placing

The net proceeds from the issue of new shares of the Group at the time of its listing on GEM on 10 August 2015 through a placement of 120,000,000 shares of HK$0.01 each in the share capital of the Group at the price of HK$0.35 per share, after deduction of the related underwriting fees and issuance expenses paid by the Group in connection thereto, were approximately HK$24.3 million.

	Planned use of net proceeds as stated in the Prospectus up to 31 March 2016	Actual use of net proceeds up to 31 March 2016
	HK$'000	*HK$'000*
Acquiring machinery	12,300	7,706
Strengtheing our manpower	2,200	1,082
General working capital	1,500	1,500
	16,000	10,288

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's key risk exposures are summarised as follows:

(i) The Group's past revenue and profit margin may not be indicative of the Group's future revenue and profit margin.

(ii) The Group determined the project price based on estimated time and costs involved in a project, which may deviate from actual time and cost incurred. Inaccurate estimation may adversely affect our financial results.

(iii) The Group's business operations depend on the expertise and continuing performance of the key management personnel and there is no assurance that the Group can hire and retain them.

(iv) Failure to invest in suitable machinery may adversely affect the Group's market competitiveness.

(v) The Group plan to expand capacity by acquiring machinery, which may result in an increase in depreciation expenses, machine operator costs, repair and maintenance costs and cash flow used in investing activities and may adversely affect the Group's operating results and financial position.

(vi) As the Group from time to time engage subcontractors in the work, the Group may bear responsibilities for any non-performance, delayed performance, sub-standard performance or non-compliance of the subcontractor.

(vii) The Group is exposed to possible environmental liability.

For other risks and uncertainties facing the Group, please refer to the section headed "Risks Factors" in the Prospectus.

OTHER INFORMATION

Interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations.

As at 31 March 2016, the interests and short positions of the Directors and chief executive of the Company (the "Chief Executive") in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules (the "Required Standard of Dealings") or Rule 23.07 of the GEM Listing Rules are as follows:

Long position in ordinary shares of the Company

Name of Directors	Capacity/Nature of interests capital	Number of shares held	Percentage of issued shares *(Note 3)*
Mr. Wong Chin To *(Note 1)*	Interest of a controlled corporation	300,000,000	37.5%
Mr. Tse Chun Kit *(Note 2)*	Interest of a controlled corporation	300,000,000	37.5%

Notes:

1. Mr. Wong Chin To ("Mr. Wong") beneficially owns the entire issued share capital of Get Real Holdings Limited ("Get Real"). Therefore, Mr. Wong is deemed, or taken to be, interested in all the shares held by Get Real for the purpose of the SFO.

2. Mr. Tse Chun Kit ("Mr. Tse") beneficially owns the entire issued share capital of Dor Holdings Limited ("Dor Holdings"). Therefore, Mr. Tse is deemed, or taken to be, interested in all the shares held by Dor Holdings for the purpose of the SFO.

3. The percentage is calculated on the basis of 800,000,000 shares in issue as at the date of this announcement.

Save as disclosed above, as at 31 March 2016, none of the Directors or the Chief Executive or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Required Standard of Dealings.

Interests and short positions of substantial shareholders of the Company in the shares and underlying shares of the Company

As at 31 March 2016, so far as is known to the Directors and the Chief Executive and based on the public records filed on the website of the Stock Exchange and records kept by the Company, the interest and short positions of the persons or corporations (other than the Directors and the Chief Executive) in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are as follows:

Name of shareholders	Capacity/Nature of interests capital	Number of shares held	Percentage of Issued shares *(Note 3)*
Get Real Holdings Limited	Beneficial owner	300,000,000	37.5%
Ms. Wong Ching Nam *(Note 1)*	Interest of spouse	300,000,000	37.5%
Dor Holdings Limited	Beneficial owner	300,000,000	37.5%
Ms. Cheung Ho Yee *(Note 2)*	Interest of spouse	300,000,000	37.5%

Notes:

1. Ms. Wong Ching Nam ("Ms. Wong") is the spouse of Mr. Wong. Under the SFO, Ms. Wong is deemed to be interested in the same number of shares in which Mr. Wong is interested.

2. Ms. Cheung Ho Yee ("Ms. Cheung") is the spouse of Mr. Tse. Under the SFO, Ms. Cheung is deemed to be interested in the same number of shares in which Mr. Tse is interested.

3. The percentage is calculated on the basis of 800,000,000 shares in issue as at the date of this announcement.

Save as disclosed above, as at 31 March 2016, there was no person or corporation (other than the Directors and the Chief Executive) who had any interest or short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 6 July 2015. No share option has been granted under the Share Option Scheme since its adoption.

COMPETING INTERESTS

The Directors, the controlling shareholders and their respective close associates do not have any interest in a business apart from our business which competes and is likely to compete, directly or indirectly, with our business.

COMPLIANCE ADVISER'S INTERESTS

As at 31 March 2016, neither Shenwan Hongyuan Capital (H.K.) Limited, the compliance adviser of the Company, nor any of its directors, employees or close associates had any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) pursuant to Rule 6A.32 of the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company since the date of Listing i.e. 10 August 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities since the date of Listing i.e. 10 August 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company's corporate governance practices are based on the principles of good corporate governance as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "CG Code") and in relation to, among others, our Directors, Chairman and Chief Executive Officer, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communications with the shareholders of the Company.

To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code since the date of Listing i.e. 10 August 2015.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's result for the year ended 31 March 2016 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established by the Board on 6 July 2015 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Wong Chi Shing. The other members are Mr. Kuo Tung Ming and Ms. Si Tou Man Wai. The primary duties of the Audit Committee are to review and approve the Group's financial reporting process and the internal control systems of the Group.

The Audit Committee has reviewed with the management and the Company's auditor the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the audited financial statements for the year.

ANNUAL GENERAL MEETING

The first annual general meeting ("AGM") of the Company will be held on Friday, 29 July 2016, the notice of which shall be sent to the shareholders of the Company in accordance with the articles of the association of the Company, the GEM Listing Rules and other applicable laws and regulations.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Tuesday, 26 July 2016 to Friday 29 July 2016, both days inclusive, during which period no transfer of the shares of the Company will be registered. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 25 July 2016.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 31 March 2016 and up to the date of this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.pakwingc.com). The annual report of the Company for the year ended 31 March 2016 containing all the information required by the GEM Listing Rules will be dispatched to the Company's shareholders and published on the above website in due course.

By order of the Board
Pak Wing Group (Holdings) Limited
Wong Chin To
Chairman

Hong Kong, 21 June 2016

As at the date of this announcement, the executive Directors are Mr. Wong Chin To, Mr. Tse Chun Kit, and Ms. Chan Siu Ying; and the independent non-executive Directors are Mr. Wong Chi Shing, Mr. Kuo Tung Ming and Ms. Si Tou Man Wai.

This announcement will remain on the 'Latest Company Announcements' page of the GEM's website at for at least 7 days from the date of its posting. This announcement will also be published on the Company's website at www.pakwingc.com.