



(incorporated in the Cayman Islands with limited liability)

(Stock code: 8141)

**ANNOUNCEMENT OF AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2017**

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This announcement, for which the directors (the “**Directors**”) of KPa-BM Holdings Limited (the “**Company**”), 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.*

The board of Directors (the “**Board**”) of the Company is pleased to announce the annual results of the Group for the year ended 31 March 2017, together with the comparative figures for the year ended 31 March 2016, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	5	381,394	343,806
Cost of revenue		<u>(312,282)</u>	<u>(276,478)</u>
Gross profit		69,112	67,328
Other income and gains		166	250
Marketing and distribution expenses		(1,997)	(1,526)
Administrative and other operating expenses		(28,147)	(32,338)
Finance costs		<u>(1,358)</u>	<u>(1,246)</u>
Profit before income tax	6	37,776	32,468
Income tax expense	7	<u>(6,812)</u>	<u>(6,812)</u>
Profit for the year		<u>30,964</u>	<u>25,656</u>
Other comprehensive income for the year			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising from translation of foreign operations		(106)	(42)
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation gain on self-occupied properties		<u>15,646</u>	<u>—</u>
Other comprehensive income for the year		<u>15,540</u>	<u>(42)</u>
Total comprehensive income for the year		<u>46,504</u>	<u>25,614</u>
Profit for the year attributable to:			
Owners of the Company		30,964	24,956
Non-controlling interests		<u>—</u>	<u>700</u>
		<u>30,964</u>	<u>25,656</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		46,504	24,928
Non-controlling interests		<u>—</u>	<u>686</u>
		<u>46,504</u>	<u>25,614</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic and diluted earnings per share	9	<u>5.16</u>	<u>4.78</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		7,259	7,295
Investment properties		21,100	—
Prepayments for property, plant and equipment		—	2,236
Pledged deposits	10	3,700	3,900
Deferred tax assets		69	—
		<u>32,128</u>	<u>13,431</u>
Current assets			
Inventories		2,606	2,839
Amounts due from customers for contract works		58,748	37,070
Trade and other receivables, deposits and prepayments	11	101,404	124,133
Tax recoverable		934	344
Pledged bank deposits	12	16,209	13,201
Cash and bank balances		36,679	47,439
		<u>216,580</u>	<u>225,026</u>
Current liabilities			
Amounts due to customers for contract works		4,096	10,177
Trade and other payables	13	67,891	71,637
Tax payable		579	4,773
Bank borrowings	14	19,857	33,860
Obligation under finance leases		149	144
		<u>92,572</u>	<u>120,591</u>
Net current assets		<u>124,008</u>	<u>104,435</u>
Total assets less current liabilities		<u>156,136</u>	<u>117,866</u>
Non-current liabilities			
Obligation under finance leases		416	565
Deferred tax liabilities		915	—
		<u>1,331</u>	<u>565</u>
Net assets		<u>154,805</u>	<u>117,301</u>

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
CAPITAL AND RESERVES			
Share capital		6,000	6,000
Reserves		<u>148,805</u>	<u>111,301</u>
Total equity		<u>154,805</u>	<u>117,301</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Equity attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium*	Merger reserve*	Asset revaluation reserve*	Exchange reserve*	Retained earnings*	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2015	3,151	—	(850)	—	—	57,594	59,895	6,850	66,745
Profit for the year	—	—	—	—	—	24,956	24,956	700	25,656
Other comprehensive income									
Exchange differences arising from translation of foreign operations	—	—	—	—	(28)	—	(28)	(14)	(42)
Total comprehensive income for the year	—	—	—	—	(28)	24,956	24,928	686	25,614
Transactions with owners									
Dividends declared (note 8)	—	—	—	—	—	(12,600)	(12,600)	—	(12,600)
Dividends attributable to non-controlling interests (note 8)	—	—	—	—	—	—	—	(2,400)	(2,400)
Issue of shares for									
— Placing	1,500	43,500	—	—	—	—	45,000	—	45,000
— Capitalisation issue	4,500	(4,500)	—	—	—	—	—	—	—
Share issuance expense	—	(5,058)	—	—	—	—	(5,058)	—	(5,058)
Reorganisation	(3,151)	—	8,287	—	—	—	5,136	(5,136)	—
	2,849	33,942	8,287	—	—	(12,600)	32,478	(7,536)	24,942
At 31 March 2016 and 1 April 2016	6,000	33,942	7,437	—	(28)	69,950	117,301	—	117,301
Profit for the year	—	—	—	—	—	30,964	30,964	—	30,964
Other comprehensive income									
Exchange differences arising from translation of foreign operations	—	—	—	—	(106)	—	(106)	—	(106)
Revaluation gain on self-occupied properties	—	—	—	15,646	—	—	15,646	—	15,646
Other comprehensive income for the year	—	—	—	15,646	(106)	—	15,540	—	15,540
Total comprehensive income for the year	—	—	—	15,646	(106)	30,964	46,504	—	46,504
Transactions with owners									
Final dividend in respect of 2016 (note 8)	—	—	—	—	—	(9,000)	(9,000)	—	(9,000)
At 31 March 2017	6,000	33,942	7,437	15,646	(134)	91,914	154,805	—	154,805

* The total of these equity accounts at the end of the reporting period represents “Reserves” in the consolidated statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as an exempted company in the Cayman Islands with limited liability on 15 May 2015. The shares of the Company were listed on the GEM of the Stock Exchange on 8 October 2015 (the “**Listing Date**”) (the “**Listing**”). The address of its registered office is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at 1907–1915, The Octagon, 6 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong.

The Group is principally engaged in (i) the provision of structural engineering works for the public and private sectors in Hong Kong; and (ii) trading of building material products.

The Company’s parent is Success Wing Investments Limited (“**Success Wing**”), a company incorporated in the British Virgin Islands (“**BVI**”). In the opinion of the Directors, Success Wing is also the ultimate parent of the Company.

The financial statements for the year ended 31 March 2017 were approved and authorised for issue by the Directors on 15 June 2017.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the GEM Listing Rules.

These financial statements have been prepared under the historical cost basis except for investment properties, which are measured at fair value.

The financial statements are presented in Hong Kong dollars (“**HK\$**”), which is same as the functional currency of the Company and its major subsidiaries.

3. ADOPTION OF NEW OR REVISED HKFRSs

(a) Adoption of new or revised HKFRSs — effective on 1 April 2016

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 April 2016.

HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 27	Equity Method in Separate Financial Statements

Amendments to HKAS 1 Disclosure Initiative

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

The adoption of the amendments has no significant impact on these financial statements.

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. The amendments are applied retrospectively in accordance with HKAS 8.

The adoption of the amendments has no impact on these financial statements as the Company has not elected to apply the equity method in its separate financial statements.

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

The following new or 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:

Amendments to HKAS 7	Disclosure Initiative ¹
Amendments to HKAS 12	Recognition of Deferred Tax Asset for Unrealised Losses ¹
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions ²
HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15) ²
HKFRS 16	Leases ³
HK(IFRIC)-Interpretation 22	Foreign Currency Transactions and Advance Consideration ²

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

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Except for amendments to HKAS 7, HKFRS 9, HKFRS 15 and related amendments and HKFRS 16, the new or revised HKFRSs that have been issued but are not yet effective are unlikely to have material impact on the Group's financial statements upon application.

Segment results, segment assets and other segment information

Information regarding the Group's reportable segments including the reportable segment revenue, segment profit, segment assets, reconciliations to revenue, profit before income tax and total assets and other segment information are as follows:

	Structural engineering works HK\$'000	Trading of building material products HK\$'000	Total HK\$'000
Year ended 31 March 2017			
<i>Segment revenue</i>			
Sales to external customers	<u>369,960</u>	<u>11,434</u>	<u>381,394</u>
<i>Segment profit</i>	<u>63,195</u>	<u>4,667</u>	67,862
Corporate and unallocated income			166
Corporate and unallocated expenses			
— Marketing and distribution expenses			(836)
— Administrative and other operating expenses*			(28,058)
— Finance costs			<u>(1,358)</u>
Profit before income tax			<u>37,776</u>
Year ended 31 March 2016			
<i>Segment revenue</i>			
Sales to external customers	<u>337,600</u>	<u>6,206</u>	<u>343,806</u>
<i>Segment profit</i>	<u>63,953</u>	<u>2,948</u>	66,901
Corporate and unallocated income			250
Corporate and unallocated expenses			
— Marketing and distribution expenses			(1,009)
— Administrative and other operating expenses*			(32,428)
— Finance costs			<u>(1,246)</u>
Profit before income tax			<u>32,468</u>

* mainly comprise employee costs, rental and related expenses and legal and professional fees

	Structural engineering works	Trading of building material products	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 31 March 2017			
<i>Segment assets</i>	<u>160,882</u>	<u>3,370</u>	164,252
Property, plant and equipment			5,575
Investment properties			21,100
Tax assets			1,003
Pledged bank deposits			16,209
Cash and bank balances			36,679
Other corporate assets			<u>3,890</u>
Total consolidated assets			<u>248,708</u>
As at 31 March 2016			
<i>Segment assets</i>	<u>164,345</u>	<u>2,360</u>	166,705
Property, plant and equipment			7,295
Tax assets			344
Pledged bank deposits			13,201
Cash and bank balances			47,439
Other corporate assets			<u>3,473</u>
Total consolidated assets			<u>238,457</u>

	Structural engineering works <i>HK\$'000</i>	Trading of building material products <i>HK\$'000</i>	Corporate/ Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2017				
<i>Other information</i>				
Impairment loss on inventories	44	6	—	50
Additions to specified non-current assets ^{# ^}	<u>1,773</u>	<u>—</u>	<u>2,899</u>	<u>4,672</u>
Year ended 31 March 2016				
<i>Other information</i>				
Reversal of impairment loss on loans and receivables	90	—	—	90
Impairment loss on inventories	35	213	—	248
Additions to specified non-current assets [#]	<u>—</u>	<u>—</u>	<u>3,544</u>	<u>3,544</u>

[#] *Specific non-current assets include all non-current assets but exclude financial instruments and deferred tax assets*

[^] *Additions to specified non-current assets exclude those additions arose from transfer from property, plant and equipment and prepayment for property, plant and equipment*

(b) Geographical segment information

The Company is an investment holding company and the principal place of the Group's operations are in Hong Kong. Accordingly, management determines that the Group is domiciled in Hong Kong.

The following table provides analysis of the Group's revenue from external customers, determined based on location of the customers:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Hong Kong	380,067	343,307
Macau	873	289
United Kingdom	429	184
Others	<u>25</u>	<u>26</u>
	<u>381,394</u>	<u>343,806</u>

All of the Group's specified non-current assets amounting to HK\$28,359,000 as at 31 March 2017 (2016: HK\$9,531,000) are located in Hong Kong.

(c) **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:

	2017	2016
	HK\$'000	HK\$'000
Customer A	140,110	139,327
Customer B	N/A	49,867
Customer C	N/A	48,933

N/A: not applicable as revenue generated from Customer B and Customer C is individually less than 10% of the Group's revenue for the year ended 31 March 2017

5. REVENUE

The Group is principally engaged in (i) the provision of structural engineering works for the public and private sectors in Hong Kong; and (ii) trading of building material products. Revenue derived from these principal activities comprises the followings:

	2017	2016
	HK\$'000	HK\$'000
Revenue from rendering structural engineering works	369,960	337,600
Revenue from trading of building material products	11,434	6,206
	381,394	343,806

6. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting) the following:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Auditor's remuneration	605	580
Reversal of provision for impairment of trade and bills receivables	—	(90)
Cost of inventories recognised as expense		
— Carrying amount of inventories consumed	122,599	107,212
— Allowance for inventories	40	221
— Write-off of inventories	10	27
	<u>122,649</u>	<u>107,460</u>
Change in fair value of derivative financial instruments	—	189
Depreciation in respect of:		
— Owned assets	1,317	598
— Leased assets	162	230
	<u>1,479</u>	<u>828</u>
Employee costs (including directors' emoluments)		
— Salaries, allowances and other benefits	44,174	42,355
— Contribution to defined contribution retirement plan (<i>note</i>)	2,143	1,060
	<u>46,317</u>	<u>43,415</u>
Exchange (gain)/loss, net*	(276)	7
Listing expenses	—	8,176
Operating lease charges in respect of:		
— Land and buildings	2,624	1,398
— Office equipment	224	203
	<u>224</u>	<u>203</u>

* Included in "Administrative and other operating expenses"

Note:

In respect of the Group's contribution to defined contribution retirement plans, no contribution is available for reducing the Group's existing level of contribution for the year ended 31 March 2017 (2016: nil).

7. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of comprehensive income represents:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current tax for the year		
— Hong Kong Profits Tax	5,989	6,749
— Other regions of the PRC — Enterprise Income Tax (“EIT”)	—	212
Over-provision in respect of prior years	<u>(23)</u>	<u>(149)</u>
	5,966	6,812
Deferred tax	<u>846</u>	<u>—</u>
	<u><u>6,812</u></u>	<u><u>6,812</u></u>

Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) on the estimated assessable profits for the year.

EIT arising from other regions of the PRC is calculated at 25% on the estimated assessable profits.

8. DIVIDENDS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interim dividends attributable to: <i>(note (a))</i>		
— Owners of the Company	—	12,600
— Non-controlling interests	<u>—</u>	<u>2,400</u>
	—	15,000
Proposed final dividend <i>(note (b))</i>	<u>9,600</u>	<u>9,000</u>
	<u><u>9,600</u></u>	<u><u>24,000</u></u>

Notes:

- (a) The interim dividend for the year ended 31 March 2016 amounting to HK\$15,000,000 represented interim dividends declared by certain group entities to their then shareholders.
- (b) The final dividend in respect of the financial year ended 31 March 2017 of HK1.6 cents (2016: HK1.5 cents) per ordinary share, amounting to HK\$9,600,000 (2016: HK\$9,000,000) has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

The final dividend declared subsequent to 31 March 2017 has not been recognised as a liability as at 31 March 2017.

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following data:

	2017	2016
	HK\$'000	HK\$'000
Earnings		
Profit for the year attributable to owners of the Company	<u>30,964</u>	<u>24,956</u>
	2017	2016
	'000	'000
Weighted average number of ordinary shares in issue		
Weighted average number of ordinary shares in issue during the year	<u>600,000</u>	<u>522,131</u>

The weighted average number of ordinary shares used for the purposes of calculating the basic earnings per share for the year ended 31 March 2016 of 522,131,000 includes the 450,000,000 ordinary shares in issue immediately after the capitalisation issue, as if these shares had been issued since 1 April 2015, together with the weighted average number of shares issued pursuant to the placing of 72,131,000 shares.

Diluted earnings per share are same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the year or in prior year.

10. PLEDGED DEPOSITS

Balances as at 31 March 2017 of HK\$3,700,000 (2016: HK\$3,900,000) represent deposits placed by the Group with an insurance company as collaterals for the surety bonds issued in favour of the customers of certain construction contracts. The aggregate bond values as at 31 March 2017 were HK\$10,739,000 (2016: HK\$11,446,000). The surety bonds are required for the entire period of the relevant construction contracts in practice. The pledged deposits are expected to be released in year 2019.

The Group has unconditionally and irrevocably agreed to indemnify the insurance company for claims and losses the insurance company may incur in respect of the bonds.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade and bills receivables		
Trade and bills receivables	59,982	84,140
Less: Provision for impairment	<u>(575)</u>	<u>(575)</u>
Trade and bills receivables, net (<i>note (a)</i>)	<u>59,407</u>	<u>83,565</u>
Other receivables, deposits and prepayments		
Retention receivables	38,376	39,600
Less: Provision for impairment	<u>(269)</u>	<u>(269)</u>
Retention receivables, net (<i>note (b)</i>)	38,107	39,331
Other receivables	1,273	69
Deposits	1,221	604
Prepayments	<u>1,396</u>	<u>564</u>
	<u>41,997</u>	<u>40,568</u>
	<u><u>101,404</u></u>	<u><u>124,133</u></u>

Notes:

- (a) The ageing analysis of trade and bills receivables (net), based on invoice date, as at the end of the reporting period is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0–30 days	41,466	48,284
31–60 days	5,225	26,288
61–90 days	3,981	2,459
Over 90 days	<u>8,735</u>	<u>6,534</u>
	<u><u>59,407</u></u>	<u><u>83,565</u></u>

Bills receivable are subject to tenor of 30 to 60 days. Credit periods granted to other trade debtors range from 30 to 60 days.

- (b) As at 31 March 2017, based on due date, the Group's retention receivables of approximately HK\$35,304,000 (2016: HK\$36,037,000) were not yet past due and the remaining balance of approximately HK\$2,803,000 (2016: HK\$3,294,000) were past due, of which approximately HK\$2,803,000 (2016: HK\$1,861,000) were past due for over one year. Based on the assessment of the directors, no impairment allowance is necessary for the retention receivables outstanding at the end of the reporting period as those balances are from customers with long business relationship and there has not been a significant change in their credit quality.

12. PLEDGED BANK DEPOSITS

Pledged bank deposits as at 31 March 2017 amounting to HK\$16,209,000 (2016: HK\$13,201,000) are interest-bearing at fixed rates ranged from 0.001% to 0.17% (2016: 0.01% to 0.22%) per annum and have maturity period of seven days to three months (2016: seven days to three months). All of the Group's pledged bank deposits are denominated in HK\$.

Pledged bank deposits were placed in banks to secure the bank borrowings and banking facilities of the Group (note 14).

13. TRADE AND OTHER PAYABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables	39,735	53,576
Bills payable	<u>8,355</u>	<u>794</u>
Trade and bills payables (<i>note (a)</i>)	48,090	54,370
Retention payables (<i>note (b)</i>)	11,755	9,220
Receipts in advance	677	488
Other payables, accruals and deposits received	<u>7,369</u>	<u>7,559</u>
	<u><u>67,891</u></u>	<u><u>71,637</u></u>

Notes:

- (a) The Group's bills payable are subject to a tenor of up to 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 and bills payables, based on invoice date, as at the end of the reporting period is as follows:

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–30 days	36,058	34,116
31–60 days	6,353	13,248
61–90 days	1,415	4,580
Over 90 days	4,264	2,426
	<u>48,090</u>	<u>54,370</u>

- (b) As at 31 March 2017, based on invoice date, retention payables of HK\$4,823,000 (2016: HK\$7,969,000) were aged one year or below and the remaining balance of approximately HK\$6,932,000 (2016: HK\$1,251,000) were aged over one year.

14. BANK BORROWINGS

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities		
Secured and interest-bearing bank borrowings		
Bank overdrafts (<i>note (a)</i>)	718	—
Bank loans subject to repayment on demand clause (<i>note (a)</i>)		
— Bank loans due for repayment within one year	16,507	30,819
— Bank loans due for repayment after one year (<i>note (b)</i>)	2,632	3,041
	<u>19,139</u>	<u>33,860</u>
	<u>19,857</u>	<u>33,860</u>

Notes:

- (a) Bank borrowings, including trade financing, are interest bearing at the banks' prime rates or cost of funds or Hong Kong Inter-Bank Offered Rate or London Inter-Bank Offered Rate adjusted by certain basis points per annum. The interest rates of the Group's bank borrowings as at 31 March 2017 granted under banking facilities ranged from 3.22% to 5.25% (2016: 3.00% to 5.75%) per annum.

(b) The current liabilities as at 31 March 2017 include bank loans of HK\$2,632,000 (2016: HK\$3,041,000) that are not scheduled to repay within one year after the end of the reporting period. 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 repayment on demand clause and that are classified as current liabilities are expected to be settled within one year.

(c) The carrying amounts of bank borrowings are denominated in the following currencies:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
HK\$	14,720	33,372
United States dollars	<u>5,137</u>	<u>488</u>
	<u>19,857</u>	<u>33,860</u>

(d) The Group's bank borrowings and banking facilities are secured by the followings:

- land and buildings with net carrying amount of HK\$1,596,000 as at 31 March 2017 (2016: HK\$5,023,000);
- investment properties with net carrying amount of HK\$21,100,000 as at 31 March 2017 (2016: nil); and
- bank deposits of HK\$16,209,000 as at 31 March 2017 (2016: HK\$13,201,000).

As at the end of the reporting period, the Group's bank loans and overdrafts were scheduled to repay as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
On demand or within one year	17,225	30,819
More than one year, but not exceeding two years	423	412
More than two years, but not exceeding five years	1,355	1,313
More than five years	<u>854</u>	<u>1,316</u>
	<u>19,857</u>	<u>33,860</u>

The amounts due are based on the scheduled repayment dates in the loan agreements and ignore the effect of any repayment on demand clause.

15. GUARANTEE

The Group provided guarantee in respect of the surety bonds issued in favour of the customers of certain construction contracts. Details of these guarantees at the end of the reporting period are as follows:

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Aggregate value of the surety bonds issued in favour of customers	<u>10,739</u>	<u>11,446</u>

As assessed by the directors, it is not probable that the insurance company would claim the Group for losses in respect of the guarantee contracts as it is unlikely that the Group is unable to fulfill the performance requirements of the relevant contracts. Accordingly, no provision for the Group's obligations under the guarantees has been made.

16. LITIGATIONS

A number of lawsuits and claims arising from the normal course of business were lodged against the Group which remain outstanding at the end of the reporting period. Claim amounts are not specified in some of the applications of these lawsuits and claims. In the opinion of the directors, sufficient insurance coverage are maintained to cover the losses, if any, arising from most of these lawsuits and claims and therefore the ultimate liability under these lawsuits and claims would not have material adverse impact on the financial position of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to present the annual results of the Group for the year ended 31 March 2017 (the “**Year**” or “**2017**”), together with the comparative figures for the corresponding year ended 31 March 2016 (the “**Previous Year**” or “**2016**”)

Business Activities

The Group is principally engaged in (i) the provision of structural engineering works with a focus on design and build projects in Hong Kong; and (ii) trading of building material products predominately in Hong Kong. Since the Listing, there has been no significant change in the business operations of the Group. During the Year, the Group recognised income from rendering structural engineering works and trading of building material products.

Business Review

During the Year, the Group achieved a steady performance with an increase of approximately 10.9% in revenue to approximately HK\$381.4 million (2016: HK\$343.8 million). The encouraging financial result was attributable to the following major projects undertaken by the Group during the Year.

Major projects undertaken by the Group during the Year	Revenue recognised during the year (HK\$'million)	Status as at 31 March 2017	Expected completion date
A hotel in Lantau Island	84.1	Ongoing	30 June 2017
Transportation facility in Tsimshatsui	35.8	Ongoing	31 December 2017
Commercial complex in Mongkok	31.0	Ongoing	30 June 2017
Government facility in Northeast New Territory	26.4	Ongoing	30 September 2018
Community recreation facility in Kennedy Town	23.6	Completed [#]	—

[#] The construction works of community recreation facility in Kennedy Town was completed before 31 March 2017.

Future Prospects

In addition to the above major projects undertaken by the Group during the Year, the Group have the following projects with outstanding contract sum over HK\$100 million as at 31 March 2017:

Projects with outstanding contract sum over HK\$100 million as at 31 March 2017	Status as at 31 March 2017	Expected completion date
Noise Barrier project in Tuen Mun — 1	Ongoing	31 March 2019
Noise Barrier project in Tuen Mun — 2	Ongoing	30 September 2018
Public utility facility in Lamma Island	Ongoing	30 June 2018

The Group is in the process of bidding for or pending the results of 3 sizeable project tenders with an estimated total contract value of over HK\$1.4 billion.

The Group also remains vigilant on a number of large scale infrastructure projects for which tender will be launched in the foreseeable future, including the construction of a link bridge to the present Hong Kong International Airport terminal building and construction of noise barriers for the central Kowloon route.

Having achieved an enhanced financial strength and credibility with the Listing, the Group has added confidence to take on the various large scale projects mentioned above and has a promising prospect ahead.

Financial Highlights

Year ended 31 March (HK\$'000)	2017	2016	Percentage change
Revenue	381,394	343,806	10.9%
Cost of revenue	312,282	276,478	13.0%
Gross profit	69,112	67,328	2.6%
Profit before income tax	37,776	32,468	16.3%
Net profit	30,964	25,656	20.7%
Earnings per share (HK cents)	5.16	4.78 ^Δ	7.9%
Current assets	216,580	225,026	-3.8%
Current liabilities	92,572	120,591	-23.2%
Total assets	248,708	238,457	4.3%
Total equity	154,805	117,301	32.0%

Year ended 31 March (HK\$'000)	2017	2016
Key Performance Indices		
Gross profit margin (%)	18.1	19.6
Net profit margin (%)	8.1	7.5
Return on equity (%)	20.0	21.9
Return on total assets (%)	12.4	10.8
Current ratio (times)	2.3	1.9
Gearing ratio (%)	13.2	29.5

^Δ Weighted average, assuming the Group has been in existence in 2015

Financial Review

Revenue

The Group's revenue grew by approximately 10.9% from approximately HK\$343.8 million for the Previous Year to approximately HK\$381.4 million for the Year, which was driven by the increase in revenue from structural engineering work projects in both public and private sectors undertaken during the Year. Key revenue contributing projects in public sector included recreational facilities and transportation facilities, while key private sector projects mainly comprised commercial properties.

Cost of Revenue and Gross Profit

The Group's cost of revenue mainly comprised material and processing charges and subcontracting charges; the increase in cost of revenue for the Year was generally in-line with the rise in revenue. During the Year, the progress of certain projects is behind the original project schedule and additional costs have been incurred for overtime work to catch up the expected completion date. The Group implemented various control measures to monitor project progress, including periodic review of project budgets against actual performance. From such review, management identified and made downward adjustments on budget profit of certain projects, resulting in a slightly drop in gross profit margin for the Year to approximately 18.1%, as compared to approximately 19.6% for the Previous Year. Despite the decrease in profit margin, the Group's gross profit for the Year increased by approximately HK\$1.8 million as a result of the growth in revenue. The Group will continue to negotiate with customers on compensation for variation works and/or urgent orders and project budgets may be further revised depending on outcome of negotiation with customers.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses for the Year were approximately HK\$28.1 million, representing a decrease of approximately HK\$4.2 million from the Previous Year. Such decrease was mainly due to the combined effect of (i) the one-off listing expenses of approximately HK\$8.2 million incurred in relation to the Listing in Previous Year but no such expenses were incurred during the year; (ii) the increase in legal and professional fee of approximately HK\$1.2 million; (iii) increase in rent and rates of approximately HK\$1.6 million; and (iv) increase in director remuneration of approximately HK\$1.3 million.

Finance Costs

For the Year, the Group's finance costs were approximately HK\$1.4 million (2016: HK\$1.2 million), representing an increase of approximately HK\$0.2 million or 16.7%, which was mainly due to interest expenses incurred in additional bank borrowings utilised during the Year to finance the Group's business expansion and to improve liquidity.

Income Tax Expense

The Group's effective tax rates for the Year and Previous Year were 18.0% and 21.0%, respectively. The decrease in effective tax rate was primarily due to the non-tax deductible professional fees incurred for the Listing for the Previous Year.

Profit for the Year

Due to the increase in revenue together with the decrease in administrative and other operating expenses as mentioned above, the Group's profit for the year increased from approximately HK\$25.7 million for the Previous Year to approximately HK\$31.0 million for the Year, representing an increase of approximately HK\$5.3 million or 20.7%.

Dividend

On 15 June 2017, the Board recommended HK1.6 cents per share as a final dividend for the Year.

Comparison of business objectives with actual business progress

An analysis comparing the business objectives as set out in the prospectus of the Company dated 30 September 2015 (the “**Prospectus**”) with the Group’s actual business progress for the period from the Listing Date to 31 March 2017 is set out below:

Business objectives

Actual business progress up to 31 March 2017

Further expanding the Group’s capacity to capture more business opportunities

For undertake more Work Branch of Development Bureau project, the Group has used HK\$6.0 million in the paid-up share capital of KPa Engineering Limited, a wholly owned subsidiary of the Group, from HK\$3.0 million to HK\$9.0 million to enlarge the Group’s capacity to capture more business opportunities.

The Group has used approximately of HK\$2.3 million for recruiting 1 project manager and 11 middle to senior level engineering staff to cope with the business development up to 30 September 2016. During the Year, the Directors had evaluated the Group’s business plan and on 9 November 2016 approved to extend the use of the remaining unutilised proceeds to include acquisition of plant and equipment for operational needs.

Further development of the Group’s structural engineering business

Following the Listing and the enhancement of the Group’s financial strength, the customers of our newly contracted projects did not require from us a surety bond. The Directors had evaluated the Group’s business plan and on 9 November 2016 approved to extend the use of the remaining unutilised proceeds to include acquisition of plant and equipment for operational needs.

Enhancing the Group’s design and customisation capabilities

The Group has used approximately HK\$1.2 million for recruiting 1 design manager and 8 draftsmen. The Group had arranged training and classes to relevant staff members according to their duty needs and skills.

The Group has used approximately HK\$3.4 million for setting up a new office premise to accommodate the enlarged work force and associated facilities.

Business objectives

Expanding the Group's capacity to capture more business, developing structural engineering business and acquisition of plant and equipment for operational needs

Actual business progress up to 31 March 2017

In respect of the revision of the use of proceeds on 9 November 2016, the Group has (i) used approximately HK\$1.7 million for recruiting 1 project manager and 15 middle to senior level staff to cope with the business development; and (ii) acquired a crane of approximately HK\$1.8 million for operational use during the period since then and up to 31 March 2017.

Use of Proceeds

The estimated net proceeds from the Listing (after deducting the underwriting fees and related expenses) amounted to approximately HK\$27.0 million, which are intended to be applied in the manner as disclosed in the section "Statement of business objectives and use of proceeds" of the Prospectus. The net proceeds from the Listing were approximately HK\$28.9 million, which was different from the estimated net proceeds of approximately HK\$27.0 million. The difference of approximately HK\$1.9 million had been adjusted in the same manner and in the same proportion to the use of proceeds as shown in the Prospectus.

Subsequently, the Directors had evaluated the Group's business plan and, as disclosed in the announcement of the Company published on 9 November 2016, resolved to combine use of the remaining unutilised proceeds from "further expanding the Group's capacity to capture more business opportunities" and "further development of the Group's structural engineering business" and extend it to include "acquisition of plant and equipment for operational use". The Board believes that the combined and extended the use of remaining unutilised proceeds will be cost effective and optimal for the Group's development.

The Group had utilised approximately HK\$19.3 million of the net proceeds as at 31 March 2017. The unutilised net proceeds of HK\$9.6 million have been placed as interest bearing deposits with licensed bank in Hong Kong and is intended to be applied in the manner consistent with the proposed allocations.

As at 31 March 2017, the net proceeds had been utilised as follows:

Use of proceeds	Revised use of proceeds <i>HK\$ million</i>	Utilised <i>HK\$ million</i>	Unutilised <i>HK\$ million</i>
1 Further expanding the Group's capacity to capture more business opportunities	8.3	8.3	—
2 Further development of the Group's structural engineering business	—	—	—
3 Enhancing the Group's design and customisation capabilities	6.4	4.6	1.8
4 General working capital	2.9	2.9	—
5 Expanding the Group's capacity to capture more business, developing structural engineering business and acquisition of plant and equipment for operational needs	11.3	3.5	7.8
	<u>28.9</u>	<u>19.3</u>	<u>9.6</u>

Liquidity, Financial Resources and Capital Structure

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current assets	216,580	225,026
Current liabilities	92,572	120,591
Current ratio (times)	<u>2.3</u>	<u>1.9</u>

The Group generally meets its working capital requirements by cash flows generated from its operations and short term borrowings. During the Year, the Group generated net cash inflow from operating activities of approximately HK\$20.1 million, together with the availability of short term bank loans and overdrafts, the Group has been financially sound in its daily operations throughout the Year.

During the Year, the Group financed its operations by its internal resources and bank facilities. As at 31 March 2017, the Group had net current assets of approximately HK\$124.0 million (31 March 2016: HK\$104.4 million). The Group's current ratio as at 31 March 2017 was approximately 2.3 times (31 March 2016: 1.9 times).

As at 31 March 2017, the Group had a total cash and bank balances of approximately HK\$36.7 million (31 March 2016: HK\$47.4 million) mainly denominated in HK\$. The decrease in total cash and bank balances was mainly due to net repayments of bank borrowings of approximately HK\$14.7 million during the Year.

As at 31 March 2017, the Group had a total available banking facilities of approximately HK\$74.6 million, of which approximately HK\$30.8 million was utilised and approximately HK\$43.8 million was unutilised and available for use.

The shares of the Company were listed on GEM of the Stock Exchange on 8 October 2015 and 150,000,000 of the Company's shares at a placing price of HK\$0.30 per share were issued on the same day. There has been no change in capital structure of the Company since the Listing Date. As at 31 March 2017, the equity attributable to owners of the Company amounted to approximately HK\$154.8 million (31 March 2016: HK\$117.3 million).

Gearing Ratio

The gearing ratio is calculated as total debts to equity. Total debts include bank borrowings and obligation under finance leases of the Group. Equity represents the total equity of the Group.

The Group is able to generate net cash from operating activities of approximately HK\$20.1 million for the Year to finance the net repayment of bank borrowings of approximately HK\$14.7 million. Coupled with increase in equity which is mainly attributable to the net profit generated for the Year and revaluation gain of a previously self-occupied properties, the gearing ratio of the Group decreased from approximately 29.5% as at 31 March 2016 to approximately 13.2% as at 31 March 2017.

Foreign Currency Exposure and Treasury Policy

Operations of the Group are mainly conducted in HK\$, United States dollars (“**US\$**”), British Pound (“**GBP**”), Euro (“**EUR**”) and Renminbi (“**RMB**”). It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group and will closely monitor its foreign exchange position. During the Year, the Group did not engage in any hedging activities.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Pledged of Assets

As at 31 March 2017, the Group had bank borrowings of approximately HK\$19.9 million (31 March 2016: HK\$33.9 million) and banking facilities are secured by the followings:

- land and buildings with net carrying amount of approximately HK\$1.6 million (31 March 2016: HK\$5.0 million);
- investment properties with net carrying amount of approximately HK\$21.1 million (31 March 2016: nil); and
- bank deposits of approximately HK\$16.2 million (31 March 2016: HK\$13.2 million).

In addition, the Group has pledged deposits of approximately HK\$3.7 million as at 31 March 2017 (31 March 2016: HK\$3.9 million) to an insurance company as collaterals for the surety bonds issued in favour of the customers of certain construction contracts. The aggregate bond values as at 31 March 2017 were approximately HK\$10.7 million (31 March 2016: HK\$11.4 million). The surety bonds are required for the entire period of the relevant construction contracts in practice. The pledged deposits are expected to be released in year 2019.

Significant Investments

Other than the investment in its subsidiaries, the Group did not hold any significant investments during the Year.

Material Acquisitions and Disposals

The Group did not carry out any material acquisition nor disposal of any subsidiary during the Year.

Contingent Liabilities

As at 31 March 2017, the Group did not have any significant contingent liabilities.

Employees and Remuneration Policies

As at 31 March 2017, the Group had 97 staff (2016: 111). The total employee benefit expenses for the Year (including Directors' emoluments, salaries to staff and other staff benefits included provident fund contributions, medical insurance coverage and other staff benefits) was approximately HK\$46.3 million (2016: HK\$43.4 million). The Group determines the salaries of its employees mainly based on each employee's qualifications, relevant experience, position and seniority. The Group conducts annual review on salary increment, discretionary bonuses and promotions based on the performance of each employee. During the Year, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

Purchase, Sale or Redemption of the Company's Listed Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of the Company during the Year.

Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors (the “**Model Code**”) on terms no less exacting than the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules. Upon specific enquiries being made with all Directors, each of them confirmed that they have complied with the required standards set out in the Model Code throughout the Year.

Corporate Governance and Compliance with the Corporate Governance Code

The Group is committed to uphold high standards of corporate governance. The Board considers that enhanced public accountability and corporate governance are beneficial to the healthy growth of the Group, improving customer and supplier confidence and safeguarding the interests of the shareholders of the Company.

The Company adopted the code provisions of Appendix 15 Corporate Governance Code and Corporate Governance Report of the GEM Listing Rules (the “**CG Code**”) and has complied with the CG Code throughout the Year.

Interests of the Compliance Advisor

As notified by the Company's compliance adviser, Messis Capital Limited (the “**Compliance Adviser**”), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 30 September 2015, which commencing on the Listing Date, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company as at 31 March 2017 which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors of the Company, at least 25% of the Company's issued share capital were held by the public as at the date of this announcement.

MANAGEMENT CONTRACTS

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

FINAL DIVIDENDS

The Board has proposed to declare a final dividend of HK1.6 cents per share for the year ended 31 March 2017 payable to the shareholders of the Company whose names appear on the register of members of the Company on 18 August 2017. The total payout will amount to HK\$9.6 million.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to attend the annual general meeting to be held on 9 August 2017 (the “**AGM**”), the register of members of the Company will be closed from 4 August 2017 (Friday) to 9 August 2017 (Wednesday) (both days inclusive), during which period no transfer of the shares of the Company can be registered. In order to qualify for attending the AGM, all transfer of the shares of the Company accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong share registrar, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration by not later than 4:30 p.m. on 3 August 2017 (Thursday).

In order to determine the entitlement to the final dividends for the year ended 31 March 2017, the register of members of the Company will be closed from 16 August 2017 (Wednesday) to 18 August 2017 (Friday) (both days inclusive), during which period no transfer of the shares of the Company can be registered. In order to qualify for the final dividends for the year ended 31 March 2017, all transfer of the shares of the Company accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong share registrar, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration by not later than 4:30 p.m. on 15 August 2017 (Tuesday).

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company (the “**Audit Committee**”) has discussed and reviewed with management this annual results announcement and the consolidated financial statements for the year ended 31 March 2017.

The Audit Committee comprises three independent non-executive Directors and chaired by Ms. Lai Pik Chi, Peggy, who has appropriate professional qualifications and experience as required by the GEM Listing Rules.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2017 as set out in the preliminary announcement 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 HKICPA and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

By order of the Board
KPa-BM Holdings Limited
Yip Pak Hung
Chairman and Executive Director

Hong Kong, 15 June 2017

As at the date of this announcement, the executive Directors are Mr. Yip Pak Hung (chairman of the Board), Mr. Wai Yat Kin and Mr. Lui Bun Yuen, Danny and the independent non-executive Directors are Ms. Lai Pik Chi, Peggy, Mr. Lam Chi Wai, Peter and Dr. Yeung Kit Ming.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

This announcement will remain on the "Latest Company Announcements" page on the GEM website at www.hkgem.com for at least seven days from the date of its posting. This announcement will also be published on the Company's website at <http://www.kpa-bm.com.hk>.

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