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 2017

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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 GEM (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 2017 amounted to approximately HK$137.3 million (2016: HK$107.3 million).

- The Group recorded a loss and total comprehensive income attributable to owners of the Company of approximately HK$28.9 million for the year ended 31 March 2017 (2016: HK$22.2 million).

- Loss per share was approximately HK3.62 cents for the year ended 31 March 2017 (2016: HK2.93 cents).

- The Board does not recommend the payment of final dividend for the year ended 31 March 2017 (2016: Nil).

- As at 31 March 2017, the Group's current ratio was approximately 1.18 times (2016: 1.89 times).

- As at 31 March 2017, the Group's cash and bank balances amounted to approximately HK$19,177,000 (2016: approximately HK$19,961,000) and the Group had loans from directors, bank borrowings and finance leases in total of approximately HK$23,332,000 (2016: approximately HK$16,640,000).

FINANCIAL RESULTS

The board of Directors (the "Board") would like to present the audited consolidated results of the Group for the year ended 31 March 2017 together with the comparative audited figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	3	**137,310**	107,306
Cost of services		**(150,790)**	(106,342)
Gross (loss)/profit		**(13,480)**	964
Other income	4	**3,884**	280
Administrative expenses		**(18,048)**	(25,252)
Finance costs		**(1,044)**	(812)
Loss before income tax	5	**(28,688)**	(24,820)
Income tax (expense)/credit	6	**(240)**	2,589
Loss and total comprehensive income for the year attributable to the owners of the Company		**(28,928)**	(22,231)
Loss per share		***HK cents***	*HK cents*
– Basic and diluted	7	**(3.62)**	(2.93)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**33,659**	36,915
Deferred tax assets		**–**	114
		33,659	37,029
Current assets			
Amounts due from customers for contract work	*9*	**960**	3
Trade and other receivables	*10*	**29,895**	26,285
Current tax recoverable		**–**	3,627
Cash and cash equivalents		**19,177**	19,961
		50,032	49,876
Current liabilities			
Amounts due to customers for contract work	*9*	**–**	2,350
Trade and other payables	*11*	**34,739**	15,731
Amounts due to directors		**1,256**	–
Obligations under finance leases		**6,301**	5,730
Bank borrowings, secured		**–**	2,640
		42,296	26,451
Net current assets		**7,736**	23,425
Total assets less current liabilities		**41,395**	60,454
Non-current liabilities			
Obligations under finance leases		**7,883**	8,270
Loans from directors		**9,148**	–
Deferred tax liabilities		**190**	64
		17,221	8,334
NET ASSETS		**24,174**	52,120
EQUITY			
Equity attributable to owners of the Company			
Share capital	*12*	**8,000**	8,000
Reserves		**16,174**	44,120
TOTAL EQUITY		**24,174**	52,120

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 of the Company is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and the principal place of business was changed from Room 2815-16, 28/F, New Tech Plaza, 34 Tai Yau Street, San Po Kong, Kowloon, Hong Kong to 25/F, Progress Commercial Building, 9 Irving Street, Causeway Bay, Hong Kong on 9 January 2017. 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.

On 8 March 2017, Get Real Holdings Limited and Dor Holdings Limited, the then substantial shareholders of the Company, sold an aggregate of 600,000,000 shares of the Company, representing 75.0% of the then total share capital of the Company at a cash consideration of HK$300,000,000 to Steel Dust Limited, which became the ultimate parent of the Company.

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 2016

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

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. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 40	Transfer of Investment Property[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sales of Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[2]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]

[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
[4] No mandatory effective date is determined but is available for early adoption

Except as describe below, the directors of the Company anticipate that the application of the new and revised HKFRSs will not have a material impact on the Group's financial performance and financial position.

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.

Based on the Group's financial instruments as at 31 March 2017, the directors of the Company anticipate that the application of new expected credit loss model may result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost. The Group has yet to assess the full impact of HKFRS 9.

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.

The application of HKFRS 15 may result in different conclusions about the separately identifiable components when identifying performance obligations, which could affect the timing of the recognition of revenue. Certain costs incurred in fulfilling a contract which are currently expensed may need to be recognised as an asset under HKFRS 15. At this stage, the Group is in the process of assessing the impact of HKFRS 15 on the Group's financial statements.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The total future minimum lease payments under non-cancellable operating leases of the Group in respect of office premises and machinery as at 31 March 2017 amounted to approximately HK$7,436,000. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's financial performance, and anticipate that certain portion of the future minimum lease payments under the Group's operating leases will be required to be recognised in the Group's consolidated statement of financial position as right-of-use assets and lease liabilities.

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:

	2017	2016
	HK$'000	*HK$'000*
Customer A	**N/A**	18,585
Customer B	**16,383**	42,917
Customer C	**28,427**	19,629
Customer D	**51,775**	N/A
Customer E	**16,046**	N/A

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

4. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Reversal of impairment loss on retention receivables	**1,076**	–
Gain on disposal of property, plant and equipment	**996**	–
Rental income from leasing machinery	**1,216**	–
Others	**596**	280
	3,884	280

5. LOSS BEFORE INCOME TAX

	2017	2016
	HK$'000	*HK$'000*
Loss before income tax is arrived at after charging/(crediting):		
Auditor's remuneration	**500**	570
Listing expenses	**–**	6,380
Depreciation of property, plant and equipment	**13,278**	11,052
Operating lease rentals in respect of:		
– Land and buildings	**2,099**	1,592
– Plant and equipment	**10,912**	10,596
(Reversal of)/recognition of impairment loss on retention receivables	**(1,076)**	1,076
(Gain)/loss on disposal of property, plant and equipment	**(996)**	241
Employee benefit expense (including Directors' remuneration)	**33,678**	34,698

6. INCOME TAX (EXPENSE)/CREDIT

The amount of income tax (expense)/credit in the consolidated statement of comprehensive income represents:

	2017	2016
	HK$'000	*HK$'000*
Current tax:		
Hong Kong profits tax		
– charge for the year	–	–
– over provision in respect of prior years	–	35
Deferred tax	**(240)**	2,554
Income tax (expense)/credit	**(240)**	2,589

No provision for Hong Kong profits tax has been made as the group companies which are subject to Hong Kong profits tax at the applicable tax rate of 16.5% either incurred tax losses for the year or have tax losses brought forward to set off with the assessable profit for the current and prior years.

7. LOSS PER SHARE

The calculation of the basic loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	2017	2016
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic loss per share	**(28,928)**	(22,231)

	Number of shares	Number of shares
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**800,000**	758,033

There were no potential ordinary shares in issue for the years ended 31 March 2017 and 2016. Accordingly, the diluted loss per share presented is the same as basic loss per share.

8. DIVIDEND

	2017	2016
	HK$'000	*HK$'000*
Interim dividend	–	8,000

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

No dividend has been paid or declared by the Company during the year ended 31 March 2017.

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

	2017	2016
	HK$'000	*HK$'000*
Contracts in progress:		
Contract costs incurred	**49,603**	53,209
Recognised profits less recognised losses	**4,528**	6,395
	54,131	59,604
Less: progress billings	**(53,171)**	(61,951)
	960	(2,347)
Represented by:		
Amounts due from customers for contract work	**960**	3
Amounts due to customers for contract work	**–**	(2,350)
	960	(2,347)

As at 31 March 2017, retentions held by customers for contract work included in trade and other receivables (Note 10) amounted to approximately HK$8,535,000 (2016: HK$4,365,000).

10. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables *(Note (a))*	**16,324**	19,889
Retention receivables *(Note (b))*	**8,535**	4,365
Other receivables	**3,593**	613
Prepayments and deposits	**1,443**	1,418
	29,895	26,285

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:

	2017	2016
	HK$'000	*HK$'000*
Less than 1 month	**7,565**	7,360
1 to 3 months	**4,997**	9,058
More than 3 months but less than one year	**3,762**	3,471
	16,324	19,889

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

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired	**7,565**	7,145
Less than 1 month past due	**4,791**	4,409
1 to 3 months past due	**615**	7,245
More than 3 months past due but less than 12 months past due	**3,353**	1,090
	16,324	19,889

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 2015, 31 March 2016 and 1 April 2016	171
Impairment loss recognised	–
As at 31 March 2017	171

(b)

	2017	2016
	HK$'000	*HK$'000*
Retention receivables	**8,535**	5,441
Less: provision for impairment on retention receivables	**–**	(1,076)
	8,535	4,365

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. Retention receivables were not yet past due as at 31 March 2017 and 2016.

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

	HK$'000
As at 1 April 2015	–
Impairment loss recognised	1,076
As at 31 March 2016 and 1 April 2016	1,076
Reversal of impairment loss recognised	(1,076)
As at 31 March 2017	–

11. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables *(Note (a))*	**31,455**	12,471
Other payables and accruals	**3,284**	3,260
	34,739	15,731

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

	2017	2016
	HK$'000	*HK$'000*
Current or less than 1 month	**7,263**	6,861
1 to 3 months	**14,563**	4,855
More than 3 months but less than one year	**9,421**	750
More than one year	**208**	5
	31,455	12,471

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

12. 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
Increase in authorised share capital on 6 July 2015 *(Note (a))*	962,000,000	9,620
At 31 March 2016 and 31 March 2017	1,000,000,000	10,000
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 and 31 March 2017	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 1 April 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 ended 31 March 2016, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

The Group is principally engaged as a foundation subcontractor in Hong Kong. Its customers principally comprise main contractors and subcontractors. The Group is normally required to follow the pre-determined schedule of rates according to the specifications of types of works to be done, with the necessary construction materials and labour to be used.

The successful Listing on GEM has greatly enhanced the Group's profile in the industry and also provided a readily accessible capital platform for the Group to tender the projects with larger contract sum in the future. During the year, the Group tendered two projects with a total contract sum of approximately HK$156.6 million which are expected to be completed in year 2018.

However, the lengthening of the funding approval process in the Legislative Council for the planned public works by persistent filibustering in 2015 deteriorates the construction industry in Hong Kong, which has resulted in fewer projects 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 the increasing labour costs have also posed plenty of challenges to the Group and is expected to continue in 2017.

In view of the significant decrease in the gross profit margin of the Group for the year ended 31 March 2017, while the Group will continue its existing principal business, it will conduct a review of the business activities and assets of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. The Group may explore other business opportunities and consider whether any asset disposal, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the existing business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2017 was approximately HK$137.3 million, representing an increase of approximately HK$30.0 million or 28.0% as compared to the revenue for the year ended 31 March 2016. The increase was mainly due to the contribution from three major projects which contributed approximately HK$66.8 million.

Gross (Loss)/Profit and Gross (Loss)/Profit Margin

For the year ended 31 March 2017, the Group recorded a gross loss of approximately HK$13.5 million (2016: gross profit of approximately HK$1.0 million) and the gross loss margin was approximately 9.8% (2016: gross profit margin of 0.9%). The declined gross profit margin was a result of an increase in sub-contracting charges and machinery rental expenses incurred in order to meet additional requirements of certain foundation projects, and the increasing competition from other contractors seeking to tender projects at low price.

Administrative Expenses

The administrative expenses decreased by approximately HK$7.2 million or 28.5% from approximately HK$25.3 million for the year ended 31 March 2016 to approximately HK$18.0 million for the year ended 31 March 2017. The decrease was mainly due to the one-off legal and professional expenses incurred in the year ended 31 March 2016 in connection with the Listing.

Finance Costs

Finance costs increased by approximately HK0.2 million or 28.6% from approximately HK$0.8 million for the year ended 31 March 2016 to approximately HK$1.0 million for the year ended 31 March 2017. The increase was mainly due to an increase in finance leases and interest on loans from directors.

Loss and Total Comprehensive Income Attributable to Owners of the Company

Net Loss and total comprehensive income for the year ended 31 March 2017 was approximately HK$28.9 million (2016: HK$22.2 million). Such decrease was mainly due to the decrease in gross profit for the year ended 31 March 2017.

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.

	2017	2016
	HK$'000	*HK$'000*
Current assets	**50,032**	49,876
Current liabilities	**42,296**	26,451
Current ratio	**1.18**	1.89

The current ratio of the Group as at 31 March 2017 was approximately 1.18 times as compared to that of approximately 1.89 as at 31 March 2016.

As at 31 March 2017, the Group had total cash and cash equivalents of approximately HK$19.2 million (2016: approximately HK$20.0 million).

As at 31 March 2017 and 31 March 2016, the Group had loans from directors, bank borrowing and finance leases in total of approximately HK$23.3 million and HK$16.6 million respectively. The scheduled repayment date of the Group were as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 1 year	**6,301**	8,370
Between 1 and 2 years	**5,656**	4,157
Between 2 and 5 years	**11,375**	4,113
	23,332	16,640

Gearing Ratio

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. Net debt is calculated as the total of obligations under finance leases, amounts due to directors, loans from directors and bank borrowings and less cash and cash equivalents. Capital represents equity of the Group.

	2017	2016
	HK$'000	*HK$'000*
Total debt	**24,588**	16,640
Less: Cash and cash equivalents	**(19,177)**	(19,961)
Net debt	**5,411**	(3,321)
Equity attributable to the owners of the Company	**24,174**	52,120
Gearing ratio	**22.4%**	N/A

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 84.8% of which was derived from five major customers as at 31 March 2017 (2016: approximately 86.9%). 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 non-performance 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 2017 (2016: Nil).

Contingent Liabilities

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

Pledge of Assets

As at 31 March 2017, the Group had no assets pledged for bank borrowings or for other purpose.

Capital Commitments

The Group's capital commitments outstanding as at 31 March 2017, not provided for in the financial statement are as follows:

	2017	2016
	HK$'000	*HK'000*
Contracted but not provided for:		
Property, plant and equipment	–	1,000

As at 31 March 2017, the Group did not have other significant commitments.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the year ended 31 March 2017, 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 2017, 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 as at 31 March 2017.

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 2017, the Group employed a total of 63 staff. The total employee remuneration, including remuneration of the Directors, for the year ended 31 March 2017 amounted to approximately HK$33.7 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.

Use of Proceeds from Placing

On 19 September 2016, the Group has resolved to change the proposed use of the net proceeds from the placing to determine the most efficient and effective method to deploy the Group's resources. The details of the revised allocation of the net proceeds based on the announcement of the Company dated 19 September 2016 and utilisation of the net proceeds as at 31 March 2017 are set out as follows:

	Revised allocation of net proceeds as stated in the announcement of the Company dated 19 September 2016	**Actual use of net proceeds up to 31 March 2017**
	HK$'000	*HK$'000*
Acquiring machinery	14,400	10,226
Strengtheing our manpower	4,400	3,169
General working capital	5,500	5,500
	24,300	18,895

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) Acquiring machinery may result in an increase in depreciation expenses, machine operation 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 engages subcontractors, the Group may bear responsibilities for any non-performance, delayed performance, sub-standard performance or noncompliance of the subcontractors.

(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 of the Company dated 28 July 2015 in relation to the Listing.

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 2017, 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 (Chapter 571 of the Laws of Hong Kong) (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 Director	Capacity/Nature of interest	Number of shares held	Percentage of issued shares *(Note 2)*
Mr. Zhang Weijie *(Note 1)*	Interest of a controlled corporation	600,000,000	75.0%

Notes:

1. Mr. Zhang Weijie ("Mr. Zhang") beneficially owns the entire issued share capital of Steel Dust Limited ("Steel Dust"). Therefore, Mr. Zhang is deemed, or taken to be, interested in all the shares held by Steel Dust for the purpose of the SFO.

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

Long position in ordinary shares of associate corporation(s) of the Company:

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of shares held	Percentage of issued shares
Mr. Zhang Weijie	Steel Dust Limited	Beneficial owner	1	100%

Save as disclosed above, as at 31 March 2017, 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 or Rule 23.07 of the GEM Listing Rules.

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

As at 31 March 2017, 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:

Long position in ordinary shares of the Company:

Name of shareholder	Capacity/Nature of interests capital	Number of shares held	Percentage of issued shares *(Note 1)*
Steel Dust Limited	Beneficial owner	600,000,000	75.0%

Notes:

1. 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 2017, 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 of the Company 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 of the Group.

COMPLIANCE ADVISER'S INTERESTS

As at 31 March 2017, 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 during the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "**Code**") as set out in Appendix 15 to the GEM Listing Rules as its corporate governance practices. As at the date of this announcement, to the best knowledge of the Board, the Company had complied with the code provisions in the Code, except the following:

(i) Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer (the "**CEO**") should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. Mr. Zhang is the chairman of the Board and is responsible for major decision making, implementation of business strategies and overseeing the overall operation of the Group. Since 19 May 2017, the Company has not had the position of CEO and therefore the daily operations and management of the Group are monitored by the executive Directors. The Board is of the view that, notwithstanding without the presence of CEO, the balance of power and authority is ensured by the operations of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting the operations of the Group.

(ii) Mr. Yan Chun Fu ("**Mr. Yan**") has resigned as an independent non-executive Director and as a member of each of the audit committee, remuneration committee and nomination committee of the Company with effect from 19 May 2017. Following the resignation of Mr. Yan as an independent non-executive Director on 19 May 2017, the Board has only two independent non-executive Directors, the number of which falls below the minimum number required under Rule 5.05(1) of the GEM Listing Rules. As a result of the insufficient number of independent non-executive Directors, the Company has also failed to comply with the minimum number of committee members requirements regarding its audit committee under Rule 5.28 of the GEM Listing Rules.

The Board will make every effort to ensure that action is taken as soon as possible and in any event within three months to comply with Rules 5.05(1) and 5.28 of the GEM Listing Rules. Further announcement will be made by the Company upon fulfilling such requirements.

CHANGES IN DIRECTORS' INFORMATION

The changes in Directors' information since the disclosure made in the 2016 Interim Report are set out below:

Name of Directors	Details of changes
Mr. Yan Chun Fu	Appointed as an independent non-executive Director on 26 September 2016 and resigned on 19 May 2017
Mr. Kuo Tung Ming	Resigned as an independent non-executive Director on 20 January 2017
Mr. Lau Yik Lok	Appointed as an independent non-executive Director on 20 January 2017, resigned on 19 May 2017 and reappointed on 19 May 2017
Mr. Ee Kok Wai, Thomas	Appointed as an executive Director on 1 September 2016 and resigned on 19 May 2017
Mr. Zhang Weijie	Appointed as an executive Director on 28 April 2017 and Chairman of the Board on 19 May 2017
Mr. Tse Chun Kit	Resigned as an executive Director and from the position of chief executive officer of the Company on 19 May 2017

CHANGE OF CONTROLLING SHAREHOLDER AND THE OFFER

On 24 February 2017, Get Real Holdings Limited and Dor Holdings Limited (the "**Sellers**") and Steel Dust Limited entered into the sale and purchase agreement ("**Sale and Purchase Agreement**"), pursuant to which the Sellers agreed to sell and Steel Dust agreed to purchase a total of 600,000,000 shares, representing approximately 75% of the entire issued share capital of the Company at that time, for a total consideration of HK$300,000,000 (equivalent to HK$0.50 per sale share). Following the completion of the Sale and Purchase Agreement which took place on 8 March 2017, Steel Dust had become the controlling shareholder of the Company and was required under the Code on Takeovers and Mergers to make a mandatory unconditional cash offer to acquire all the issued shares (other than those already owned or agreed to be acquired by the Steel Dust and parties acting in concert with it) at HK$0.50 per offer share (the "**Offer**"). The Offer was closed on 19 May 2017. Having made all reasonable enquiries and to the best knowledge and belief of the Board, Steel Dust held 674,520,000 shares immediately after the close of Offer on 19 May 2017. Details of the change of controlling shareholder and the Offer are set out in the joint announcements dated 6 March 2017 and 8 March 2017 and 19 May 2017 and the composite document dated 28 April 2017 jointly issued by the Company and Steel Dust.

SUFFICIENCY OF PUBLIC FLOAT

Immediately after the close of the Offer on 19 May 2017, the public float of the shares of the Company has fallen to approximately 15.685%, which is below the minimum public float requirement under Rule 11.23(7) of the GEM Listing Rules. The Company has applied to the Stock Exchange for a temporary waiver from strict compliance with Rule 11.23(7) of the GEM Listing Rules (the "**Waiver**") from the period commencing from 19 May 2017 to 18 July 2017 (the "**Waiver Period**"). On 23 May 2017, the Stock Exchange has granted the Waiver to the Company for the Waiver Period.

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 2017 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 two independent non-executive Directors and is chaired by Mr. Wong Chi Shing. The another member is Mr. Lau Yik Lok. 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 the consolidated financial statements of the Group for the year ended 31 March 2017 and 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 annual general meeting ("**AGM**") of the Company will be held on Friday, 11 August 2017, 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, 8 August 2017 to Friday, 11 August 2017, 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 Monday, 7 August 2017.

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 2017 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 2017 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
Zhang Weijie
Chairman

Hong Kong, 23 June 2017

As at the date of this announcement, the executive Directors are Mr. Zhang Weijie (Chairman), Mr. Wong Chin To and Mr. Lui Man Wah; and the independent non-executive Directors are Mr. Wong Chi Shing and Mr. Lau Yik Lok.

This announcement will remain on the 'Latest Company Announcements' page of the GEM's website at www.hkgem.com 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.