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LKS HOLDING GROUP LIMITED

樂嘉思控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8415)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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.

*This announcement, for which the directors (the “**Directors**”) of LKS Holding Group 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**”) of the Stock Exchange 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.*

FINAL RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the consolidated results of the Group for the year ended 31 March 2018, together with the comparative figures for the year ended 31 March 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Revenue	5	240,798	165,715
Direct costs		<u>(195,517)</u>	<u>(127,146)</u>
Gross profit		45,281	38,569
Other income, other gains and losses, net	6	1,382	(350)
Administrative and other operating expenses		(18,632)	(19,603)
Finance costs	7	<u>(659)</u>	<u>(599)</u>
Profit before tax	8	27,372	18,017
Income tax expense	9	<u>(5,432)</u>	<u>(4,807)</u>
Profit and total comprehensive income for the year attributable to owners of the Company		<u>21,940</u>	<u>13,210</u>
Earnings per share			
– Basic and diluted (HK cents)	11	<u>1.96</u>	<u>1.47</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Non-current assets			
Plant and equipment		4,977	775
Deposits and prepayments for life insurance policies		2,913	2,807
		<u>7,890</u>	<u>3,582</u>
Current assets			
Trade and other receivables	12	61,323	30,057
Amounts due from customers for contract work		36,939	31,363
Amounts due from related parties		730	28
Held-for-trading investments		17	13
Pledged bank deposit		–	3,000
Bank balances and cash		43,104	36,264
		<u>142,113</u>	<u>100,725</u>
Total assets		<u>150,003</u>	104,307
Current liabilities			
Trade and other payables	13	15,333	9,881
Derivative financial instruments		–	235
Amounts due to customers for contract work		4,499	3,725
Borrowings		24,332	6,483
Current tax liabilities		768	1,004
		<u>44,932</u>	<u>21,328</u>
Net current assets		<u>97,181</u>	79,397
Total assets less current liabilities		<u>105,071</u>	82,979
Non-current liabilities			
Deferred tax liabilities		152	–
Net assets		<u>104,919</u>	<u>82,979</u>
Capital and reserves			
Equity attributable to owners of the Company			
Share capital		11,200	11,200
Reserves		93,719	71,779
Total equity		<u>104,919</u>	<u>82,979</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Attributable to owners of the Company				Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Retained profits HK\$'000	
Balance at 1 April 2016	2	–	874	22,608	23,484
Profit and total comprehensive income for the year	–	–	–	13,210	13,210
Dividends recognised as distribution (<i>Note 10</i>)	–	–	–	(18,000)	(18,000)
Effect of reorganisation	(2)	–	2	–	–
Capitalisation issue	8,400	(8,400)	–	–	–
Issue of shares by placing	2,800	68,600	–	–	71,400
Transaction costs attributable to issue of shares	–	(7,115)	–	–	(7,115)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2017	11,200	53,085	876	17,818	82,979
Profit and total comprehensive income for the year	–	–	–	21,940	21,940
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2018	<u>11,200</u>	<u>53,085</u>	<u>876</u>	<u>39,758</u>	<u>104,919</u>

Notes:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 11 February 2016 as an exempted company with limited liability. The shares of the Company are listed on GEM of the Stock Exchange.

The addresses of the registered office and the principal place of business of the Company are P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and 21/F, Po Shau Centre, No. 115 How Ming Street, Kwun Tong, Kowloon, Hong Kong, respectively.

The Company is an investment holding company. The Group is principally engaged in the provision of interior fitting-out, renovation, alteration and addition works services and interior design services.

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

2. BASIS OF PRESENTATION

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company’s shares on the GEM of the Stock Exchange (the “**Reorganisation**”), the group entities were collectively controlled by Mr. Cheung Ka Yan (“**Mr. Cheung**”), the spouse of Ms. Wong Wan Sze (“**Ms. Wong**”), an executive director and the chairman of the Company, and Mr. Lam Shui Wah (“**Mr. Lam**”), an executive director of the Company. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 20 December 2016. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the year ended 31 March 2017. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. Cheung and Mr. Lam prior to and after the Reorganisation.

The consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the year ended 31 March 2017 in accordance with Accounting Guideline 5 “*Merger Accounting for Common Control Combinations*” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 March 2017, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the year ended 31 March 2017.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²
HKFRS 17	Insurance Contracts ³
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers ¹
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ²
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle ¹
Amendments to HKAS 40	Transfers of Investment Property ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle ²

- ¹ Effective for annual periods beginning on or after 1 January 2018.
- ² Effective for annual periods beginning on or after 1 January 2019.
- ³ Effective for annual periods beginning on or after 1 January 2021.
- ⁴ Effective for annual periods beginning on or after a date to be determined.

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on fair value of the consideration given in exchange for goods and service.

5. REVENUE AND SEGMENT INFORMATION

HKFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the executive Directors of the Company, being the chief operating decision maker (the "CODM"), for the purpose of resources allocation and performance assessment. During the year, the CODM assess the operating performance and allocates the resources of the Group as a whole as the Group is primarily engaged in the provision of interior fitting-out, renovation, alteration and addition works services and interior design services. Therefore, the Directors consider that the Group only has one operating segment.

The CODM reviews the overall results and financial position of the Group as a whole based on the same accounting policies of the Group and no further analysis for segment information is presented.

Revenue from major services

The Group's revenue from its major services are as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Fitting-out and renovation services	86,644	77,404
Alteration and addition works services	149,098	80,062
Interior design services	5,056	8,249
	<u>240,798</u>	<u>165,715</u>

Geographical information

The Company is domiciled in the Cayman Islands with the Group's major operations located in Hong Kong. All of the Group's revenue from external customers during the years ended 31 March 2018 and 2017 were derived from Hong Kong, the place of domicile of the Group's operating subsidiaries. All the non-current assets of the Group are located in Hong Kong. Accordingly, no geographical information is presented.

Information about major customers

Revenue from customers contributing over 10% of the Group's total revenue are as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Customer A	36,471	N/A ¹
Customer B	N/A ¹	30,201
Customer C	N/A ¹	17,435
Customer D	N/A ¹	17,018
	<u> </u>	<u> </u>

¹ The corresponding revenue did not contribute over 10% of the Group's total revenue.

6. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Other income		
Bank interest income	1	–
Insurance claims	790	–
Interest income on deposits and prepayments for life insurance policies	106	82
Sundry income	200	33
	<u> </u>	<u> </u>
	1,097	115
Other gains and losses, net		
Gain/(loss) arising on change in fair value of derivative financial instruments	20	(515)
Gain arising on change in fair value of held-for-trading investments	4	3
Gain on disposal of plant and equipment	261	47
	<u> </u>	<u> </u>
	285	(465)
	<u> </u>	<u> </u>
	1,382	(350)
	<u> </u>	<u> </u>

7. FINANCE COSTS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Interest on bank borrowings and overdrafts	659	562
Interest on obligation under finance leases	–	37
	<u>659</u>	<u>599</u>

8. PROFIT BEFORE TAX

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit before tax has been arrived at after charging/(crediting):		
Auditors' remuneration	610	600
Depreciation of plant and equipment	1,104	349
Impairment loss recognised on trade receivables	3,378	1,304
Listing expenses	–	8,545
Net foreign exchange (gains)/losses	(1)	3
Operating lease payments in respect of rented premises	954	479
Reversal of impairment loss recognised on trade receivables	(161)	(543)
Employee benefits expense:		
Salaries and other benefits	14,981	11,392
Contributions to retirement benefit scheme	440	366
Total employee benefits expense, including directors' emoluments	<u>15,421</u>	<u>11,758</u>

During the year ended 31 March 2018, total employee benefits expense amounting to approximately HK\$8,544,000 (2017: HK\$6,444,000) was included in direct costs and amounting to approximately HK\$6,877,000 (2017: HK\$5,314,000) was included in administrative and other operating expenses.

9. INCOME TAX EXPENSE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Hong Kong Profits Tax:		
– Current income tax	5,279	4,570
– Under-provision in prior years	1	237
	<u>5,280</u>	<u>4,807</u>
Deferred tax:	152	–
	<u>5,432</u>	<u>4,807</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits arising in or derived from Hong Kong for the both years.

10. DIVIDENDS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Dividends recognised as distribution	<u>–</u>	<u>18,000</u>

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2018, nor has any dividend been proposed since the end of the reporting period.

The dividends of HK\$18,000,000 declared and paid for the year ended 31 March 2017 represented the dividends paid by the Company to its then equity owners in December 2016. The rate of dividend and the number of shares ranking for dividend are not presented as such information is not meaningful for the preparation of the consolidated financial statements.

11. EARNINGS PER SHARE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>21,940</u>	<u>13,210</u>
	2018 <i>'000</i>	2017 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,120,000</u>	<u>900,603</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2018 was derived from 1,120,000,000 ordinary shares in issue.

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2017 was derived from 840,000,000 ordinary shares (comprising 20,000 ordinary shares in issue and 839,980,000 ordinary shares issued under the capitalisation issue), as if these 840,000,000 ordinary shares were outstanding throughout the year and the effect of placing by the Company.

The diluted earnings per share is equal to the basic earnings per share as there is no dilutive potential ordinary share in issue during the years ended 31 March 2018 and 2017.

12. TRADE AND OTHER RECEIVABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade receivables	52,033	21,342
Less: Allowance for doubtful debts	<u>(5,143)</u>	<u>(1,926)</u>
	46,890	19,416
Retention receivables	11,891	9,454
Other receivables, prepayments and deposits	<u>2,542</u>	<u>1,187</u>
	<u>61,323</u>	<u>30,057</u>

The Group generally allows a credit period ranging from 7 to 30 days to its customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The ageing analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date, at the end of the reporting period, is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
0 – 30 days	37,755	15,313
31 – 60 days	4,476	2,434
61 – 90 days	3,125	296
91 – 180 days	1,505	1,126
Over 180 days	<u>29</u>	<u>247</u>
	<u>46,890</u>	<u>19,416</u>

At 31 March 2018, retentions held by customers for contract works amounted to approximately HK\$11,891,000 (2017: HK\$9,454,000). Retention monies withheld by customers of contract works are released after the completion of defects liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts.

Except for retention receivables of approximately HK\$4,456,000 (2017: HK\$909,000), which are expected to be recovered after one year, all of the remaining retention receivables are expected to be recovered within one year. No retention receivables were past due at 31 March 2018 (2017: Nil).

13. TRADE AND OTHER PAYABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade payables	11,522	7,166
Other payables and accruals	<u>3,811</u>	<u>2,715</u>
	<u>15,333</u>	<u>9,881</u>

The credit period on trade payables are generally 0 to 30 days.

The ageing analysis of trade payables, presented based on the invoice date, at the end of the reporting period, is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
0 – 30 days	8,113	4,305
31 – 60 days	712	384
61 – 90 days	1,420	670
91 – 180 days	81	579
Over 180 days	<u>1,196</u>	<u>1,228</u>
	<u>11,522</u>	<u>7,166</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a main contractor capable of (i) interior fitting-out and renovation services; and (ii) alteration and addition (“A&A”) works for residential, industrial and commercial properties in Hong Kong. The Group has been running its business since 2005 and gained extensive experience and reputation in the industry. Ample Construction Company Limited (“**Ample Construction**”), the Company’s principal operating subsidiary for the contracting businesses, has been registered as the Registered General Building Contractor under the Building Authority since 2006 and is approved to carry out A&A works, including general building works and street works under the Buildings Ordinance. Ample Design Company Limited, the design department of the Group, provides interior design services to clients.

The fitting-out and renovation services mainly include interior fitting-out and renovation works for shops and offices in commercial and industrial properties and residential premises. For A&A works, the scope of works is generally includes structural alterations, structural steel, signage works, building maintenance, refurbishment works and ground improvement.

The Group experienced an increase in revenue and net profit for the year ended 31 March 2018 compared to the same period last year. The Directors consider that the increase was mainly due to an increase in number of contracting projects undertaken by the Group during the year.

Looking forward, the Directors consider that the future opportunities and challenges which the Group faces will be affected by the development of the property market in Hong Kong as well as factors affecting labour costs and material costs. The Directors are of the view that the number of properties to be built and maintained in Hong Kong is the key driver for the growth of the A&A, interior fitting-out & renovation industry in Hong Kong.

With the Group’s experienced management team and reputation in the market, the Directors consider that the Group is well-positioned to compete against its competitors and embrace future challenges that are commonly faced by all competitors.

FINANCIAL REVIEW

Revenue

The revenue increased from approximately HK\$165.7 million for the year ended 31 March 2017 to approximately HK\$240.8 million for the year ended 31 March 2018, representing a growth of approximately HK\$75.1 million or 45.3%. Such increase was mainly due to an increase in the number of contracting projects undertaken by the Group during the year.

Direct Costs

The direct costs increased from approximately HK\$127.1 million for the year ended 31 March 2017 to approximately HK\$195.5 million for the year ended 31 March 2018, representing an increase of approximately HK\$68.4 million or 53.8%. Such increase was mainly due to an increase in the number of contracting projects undertaken by the Group during the year.

Gross Profit

Gross profit of the Group increased by approximately 17.4% from approximately HK\$38.6 million for the year ended 31 March 2017 to approximately HK\$45.3 million for the year ended 31 March 2018. The increase was mainly driven by the increase in revenue for the year ended 31 March 2018 as discussed above.

Listing Expenses

No listing expenses were incurred by the Group during the year ended 31 March 2018 (2017: HK\$8.5 million).

Administrative and other Operating Expenses

Administrative and other operating expenses of the Group decreased by approximately 5.0% from approximately HK\$19.6 million for the year ended 31 March 2017 to approximately HK\$18.6 million for the year ended 31 March 2018. Administrative and other operating expenses primarily consist of rental expenses, staff costs and professional fees. There were increases in rental expenses and staff salary and bonus due to relocation of office and business expansion, the slight decrease in administrative and operating expenses for the year ended 31 March 2018 was due to the non-recurrence of listing expenses as recognised in 2017.

Finance Costs

Finance costs of the Group increased by approximately 10.0% from approximately HK\$0.6 million for the year ended 31 March 2017 to approximately HK\$0.7 million for the year ended 31 March 2018. Finance costs for the year ended 31 March 2018 consist of interest on bank borrowings and overdrafts. The increase was mainly due to the increase in secured bank loans during the year.

Income Tax Expense

Income tax expense for the Group increased by approximately 13.0% from approximately HK\$4.8 million for the year ended 31 March 2017 to approximately HK\$5.4 million for the year ended 31 March 2018. The increase was mainly due to the increase in profit before tax.

Profit and Total Comprehensive Income for the year attributable to owners of the Company

Profit and total comprehensive income for the year attributable to owners of the Company increased by approximately 66.1% from approximately HK\$13.2 million for the year ended 31 March 2017 to approximately HK\$21.9 million for the year ended 31 March 2018.

LIQUIDITY AND FINANCIAL RESOURCES

At 31 March 2018, the Group had total assets of approximately HK\$150.0 million (2017: HK\$104.3 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK\$45.1 million (2017: HK\$21.3 million) and approximately HK\$104.9 million (2017: HK\$83.0 million), respectively.

The total interest-bearing borrowings of the Group at 31 March 2018 were approximately HK\$24.3 million (2017: HK\$6.5 million), and current ratio at 31 March 2018 was approximately 3.2 times (2017: 4.7 times).

Majority of the Group's borrowings and bank balances are denominated in Hong Kong Dollars and there was no significant exposure to foreign exchange rate fluctuations during the year.

GEARING RATIO

The gearing ratio of the Group at 31 March 2018 was approximately 23.2% (2017: 7.8%). The relatively higher gearing ratio for the year ended 31 March 2018 was due to the increase in borrowings of the Group during the year.

The gearing ratio is calculated based on the total loans and borrowings divided by total equity at the respective reporting date.

TREASURY POLICY

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.

CHARGE ON GROUP ASSETS

At 31 March 2018, the Group did not pledge any bank deposits to a bank as collateral to secure banking facilities granted to the Group (2017: HK\$3.0 million).

At 31 March 2018, the Group pledged its life insurance policies to a bank of approximately HK\$2.9 million to secure the banking facilities granted to the Group (2017: HK\$2.8 million).

Save for the above disclosed, the Group did not have any charges on its assets.

FOREIGN EXCHANGE EXPOSURE

All of the revenue-generating operations and borrowings of the Group are transacted in Hong Kong Dollars. For the year ended 31 March 2018, there was no significant exposure to foreign exchange rate fluctuations and the Group had not maintained any hedging policy against the foreign exchange risk. The management will consider suitable hedging instruments against significant currency exposure should the need arises.

CAPITAL STRUCTURE

The shares of the Company were successfully listed on GEM of the Stock Exchange on 12 January 2017. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

At 31 March 2018, the Company's issued share capital was HK\$11.2 million and the number of its issued ordinary shares was 1,120,000,000 of HK\$0.01 each.

COMMITMENTS

The Group did not have any capital commitment as at 31 March 2018 (2017: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND ACQUISITION OF CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 30 December 2016 (the "**Prospectus**") and in this announcement, the Group did not have other plans for material investments or acquisition of capital assets as of 31 March 2018.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 March 2018, the Group did not have any significant investments held, nor did the Group have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

CONTINGENT LIABILITIES

Certain customers of construction contracts undertaken by the Group require Ample Construction to issue guarantees for the performance of contract works in the form of surety bonds of approximately HK\$3,570,000 (2017: HK\$2,844,000) at 31 March 2018. The Company and Ample Construction (2017: Ample Construction, Ample Group Limited, a company wholly-owned by Mr. Cheung and Mr. Lam and/or Mr. Cheung and Mr. Lam) have unconditionally and irrevocably agreed to indemnify the insurance company that issue such surety bonds for claims and losses the insurance company may incur in respect of the surety bonds. The surety bonds will be released when the contracts are completed or substantially completed pursuant to the relevant contract.

USE OF PROCEEDS

The net proceeds from the listing, after deducting listing related expenses, were approximately HK\$51.2 million. After the listing, a part of these proceeds have been applied for the purposes in accordance with the future plans and use of proceeds as set out in the Prospectus.

An analysis of the utilisation of the net proceeds from the listing at 31 March 2018 is set out below:

	Planned use of net proceeds as stated in the Prospectus up to 31 March 2018	Actual use of net proceeds up to 31 March 2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Participate further in large scale fitting-out, renovation and A&A projects and enlarge the Group's market share in HK	11,400	8,500
Participate in competitions and exhibitions to promote and develop the Group's interior design and fitting-out business	4,500	2,500
Expand the Group's manpower for projects execution and strengthen the skills of the Group's staff	6,800	3,800
Strengthen the Group's business development and quantity surveying and enhance the Group's marketing resources	4,800	28
General working capital	5,000	5,000

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

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2018 are set out in the consolidated statement of profit or loss and other comprehensive income in this announcement. The state of affairs of the Group as at 31 March 2018 are set out in the consolidated statement of financial position in this announcement. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2018.

CORPORATE GOVERNANCE PRACTICE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the “**Code**”) set out in Appendix 15 of the GEM Listing Rules. During the year ended 31 March 2018, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the “**Required Standard of Dealing**”).

Following specific enquiries to all the Directors, each of them has confirmed that he or she has complied with Required Standard of Dealing during the year ended 31 March 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 31 March 2018.

AUDIT COMMITTEE

The audit committee of the Company comprising three independent non-executive Directors (the “**Audit Committee**”) was established on 23 December 2016. The chairman of the Audit Committee is Ms. Tsang Ngo Yin and other members included Mr. Ng Man Wai and Mr. Wu Wai Ki. The written terms of reference of the Audit Committee are posted on the website of the Stock Exchange and on the Company's website.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The financial information has been reviewed by the Audit Committee.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng 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 HLB Hodgson Impey Cheng Limited on this preliminary announcement.

APPRECIATION

The Company would like to thank the Group's customers, suppliers, business partners for their support. Also, the Company would like to offer its highest gratitude to its shareholders for their devotion and to the Group's employees for their loyalty and contributions made during the year.

By order of the Board
LKS Holding Group Limited
Wong Wan Sze
Chairman and Executive Director

Hong Kong, 19 June 2018

As at the date of this announcement, the Board comprises Ms. Wong Wan Sze and Mr. Lam Shui Wah as executive Directors; and Mr. Ng Man Wai, Mr. Wu Wai Ki and Ms. Tsang Ngo Yin as independent non-executive Directors.

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the "Latest Information" page for at least 7 days from the date of its posting and will be published on the Company's website at www.lksholding.com.