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LUEN WONG GROUP HOLDINGS LIMITED
聯旺集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8217)

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

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

This announcement, for which the directors (the "Directors") of Luen Wong Group Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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.

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2018 (the "Reporting Period") together with the comparative audited figures for the year ended 31 March 2017. The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Note	**2018**	2017
		HK$'000	*HK$'000*
Revenue	4	**708,595**	735,330
Cost of sales		**(690,815)**	(677,342)
Gross profit		**17,780**	57,988
Other income		**1,239**	4,079
Administrative and other operating expenses		**(21,449)**	(23,642)
(Loss)/Profit from operations		**(2,430)**	38,425
Finance costs		**(243)**	(449)
(Loss)/Profit before income tax	6	**(2,673)**	37,976
Income tax expense	7	**(219)**	(7,427)
(Loss)/Profit for the year		**(2,892)**	30,549
Other comprehensive income/(expense)			
Item that will be reclassified subsequently to the profit or loss:			
Change in fair value of available-for-sale financial asset		**9**	(435)
Total comprehensive (expense)/income for the year attributable to equity holders of the Company		**(2,883)**	30,114
		HK cents	*HK cents*
(Loss)/Earnings per share attributable to equity holders of the Company			
Basic and diluted	9	**(0.23)**	2.46

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	**2018** **HK$'000**	2017 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	**37,941**	37,557
Available-for-sale financial asset		**3,129**	3,020
		41,070	40,577
Current assets			
Amounts due from customers for contract work	11	**35,874**	26,554
Trade and other receivables	12	**127,175**	120,841
Amount due from a director		**462**	–
Financial assets at fair value through profit or loss		**39,816**	–
Tax recoverable		**4,722**	–
Cash and bank balances		**99,196**	22,956
		307,245	170,351
Current liabilities			
Trade and other payables	13	**85,151**	75,881
Amounts due to customers for contract work	11	**22,224**	16,369
Amount due to a shareholder		**132,888**	–
Obligations under finance leases		**138**	857
Bank loan		**–**	4,667
Tax payable		**–**	1,675
		240,401	99,449
Net current assets		**66,844**	70,902
Total assets less current liabilities		**107,914**	111,479
Non-current liabilities			
Obligations under finance leases		**–**	937
Deferred tax liabilities		**4,436**	4,181
		4,436	5,118
Net assets		**103,478**	106,361
CAPITAL AND RESERVES			
Share capital	14	**12,480**	12,480
Reserves	15	**90,998**	93,881
Total equity attributable to equity holders of the Company		**103,478**	106,361

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Total equity attributable to equity holders of the Company						
	Share capital HK$'000 (note 14)	Share premium* HK$'000 (note 15)	Available-for-sale financial asset revaluation reserve* HK$'000 (note 15)	Other reserve* HK$'000 (note 15)	Capital reserve* HK$'000 (note 15)	Retained earnings* HK$'000	Total equity HK$'000
Balance as at 1 April 2016	–	–	–	10,400	3,820	12,875	27,095
Issuance of ordinary shares pursuant to the Placing	2,080	47,072	–	–	–	–	49,152
Issuance of ordinary shares pursuant to the Capitalisation Issue	10,400	(10,400)	–	–	–	–	–
Transactions with equity holders	12,480	36,672	–	–	–	–	49,152
Profit for the year	–	–	–	–	–	30,549	30,549
Other comprehensive expense:							
Change in fair value of available-for-sale financial asset	–	–	(435)	–	–	–	(435)
Total comprehensive income	–	–	(435)	–	–	30,549	30,114
Balance as at 31 March 2017 and 1 April 2017	12,480	36,672	(435)	10,400	3,820	43,424	106,361
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(2,892)**	**(2,892)**
Other comprehensive income:							
Change in fair value of available-for-sale financial asset	**–**	**–**	**9**	**–**	**–**	**–**	**9**
Total comprehensive expense	**–**	**–**	**9**	**–**	**–**	**(2,892)**	**(2,883)**
Balance as at 31 March 2018	**12,480**	**36,672**	**(426)**	**10,400**	**3,820**	**40,532**	**103,478**

* The reserve accounts comprise the Group's reserves of HK$90,998,000 (2017: HK$93,881,000) in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. GENERAL INFORMATION

Luen Wong Group Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 16 October 2015. The addresses of the Company's registered office and principal place of business are P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and Unit 1505, 15/F, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong respectively.

The Company is an investment holding company, and its subsidiaries (together, the "Group") are principally engaged in the provision of civil engineering works and investment holding.

The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 April 2016.

The consolidated financial statements for the year ended 31 March 2018 were approved for issue by the board of directors on 25 June 2018.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments classified as available-for-sale and at fair value through profit or loss which are stated at fair values.

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands ("HK$'000"), except when otherwise indicated.

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 accounting policies of the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed.

3. NEW AND AMENDED HKFRSs

3.1 Amended HKFRSs that are effective for annual period beginning on 1 April 2017

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014-2016 Cycle	Disclosure of Interests in Other Entities

The impact of the adoption of the amended HKFRSs is discussed below. Other than as noted below, the adoption of these amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Amendments to HKAS 7 "Disclosure Initiative"

The amendments require an entity to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure, the application of these amendments had no impact on the Group's consolidated financial statements.

3.2 Issued but not yet effective HKFRSs

At the date of authorisation of the consolidated financial statements, the following new and amended HKFRSs that are relevant to the Group have been issued but are not yet effective for the financial year beginning on 1 April 2017, and have not been adopted early by the Group:

Amendments to HKFRS 1 included in Annual Improvements 2014-2016 Cycle	First-time Adoption of Hong Kong Financial Reporting Standards[1]
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]
HKFRS 9	Financial Instruments[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]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
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 included in Annual Improvements 2014-2016 Cycle	Investments in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[2]
Amendments to HKAS 40	Transfer of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[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 date note yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

HKFRS 9 "Financial Instruments"

HKFRS 9 will replace HKAS 39 "Financial Instruments: Recognition and Measurement" in its entirety. The new standard introduces changes to HKAS 39's guidance on the classification and measurement of financial assets. Under HKFRS 9, each financial asset is classified into one of three main classification categories: amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. An entity may make an irrevocable election at initial recognition to present in other comprehensive income for the subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

Most of the HKAS 39's requirements for financial liabilities were carried forward unchanged to HKFRS 9. The requirements related to the fair value option for financial liabilities have however been changed to address own credit risk. Where an entity chooses to measure its own debt at fair value, HKFRS 9 requires the amount of the change in fair value due to changes in the entity's own credit risk to be presented in other comprehensive income, unless effect of changes in the liability's credit risk would create or enlarge an accounting mismatch in the profit or loss, in which case, all gains or losses on that liability are to be presented in the profit or loss.

HKFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, entities are required to account for expected credit losses when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

HKFRS 9 also provides new guidance on the application of hedge accounting. The new hedge accounting models retain the three types of hedge accounting and the requirements of formal designation and documentation of hedge accounting relationships. The new hedge accounting requirements look to align hedge accounting more closely with entities' risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assess hedge effectiveness.

The directors consider that the application of HKFRS 9 in the future will not have a significant impact on the Group's results and financial position.

HKFRS 15 "Revenue from Contracts with Customers" and Amendments to HKFRS 15 "Clarifications to HKFRS 15 Revenue from Contracts with Customers"

HKFRS 15 presents new requirements for the recognition of revenue, replacing HKAS 18 "Revenue", HKAS 11 "Construction Contracts", and several revenue related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing HKFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

The amendments to HKFRS 15 are issued with the aim to clarify certain issues on implementation of HKFRS 15.

The directors consider that the application of HKFRS 15 and Amendments to HKFRS 15 in the future will not have a significant impact on the Group's results and financial position.

HKFRS 16 "Leases"

HKFRS 16 applies a control model to the identification of leases, distinguishing between leases and services contracts on the basis of whether there is an identified asset controlled by the customer.

HKFRS 16 introduces a single lessee accounting model and requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset and a lease liability at the commencement of the lease arrangement. The initial measurement of the right-of-use asset is based on the lease liability and adjusted for any prepaid lease payments, lease incentives received, initial direct costs incurred and an estimate of costs the lessee is obliged to incur to dismantle, remove or restore the underlying asset and/or site. Subsequently, the right-of-use asset is depreciated following the requirements of HKAS 16 "Property, Plant and Equipment" and impaired, if any, following the requirements of HKAS 36 "Impairment of Assets". The lease liability is accounted for similarly to other financial liabilities using an effective interest method.

The lessor accounting requirements are not substantially changed and classification of leases as operating leases or finance leases is retained. HKFRS 16 replaces the previous leases standard HKAS 17 "Leases", and related Interpretations. An entity is allowed to apply HKFRS 16 before that date but only if it also applies HKFRS 15 "Revenue from Contracts with Customers".

The directors do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results but it is expected that certain portion of the operating lease commitments will be required to be recognised in the consolidated statement of financial position as a right-of-use asset and a lease liability.

4. REVENUE

Revenue represents the consideration received and receivable from the provision of civil engineering works and provision of decoration and renovation works.

5. SEGMENT INFORMATION

The Group's operating activities are attributable to a single reportable and operating segment focusing primarily on the provision of civil engineering works. This operating segment has been identified on the basis of internal management reports reviewed by the CODM, being the executive directors of the Company. The CODM mainly reviews revenue derived from the provision of civil engineering works. The CODM reviews the overall results of the Group as a whole to make decisions about resources allocation. Accordingly, other than the entity-wide disclosure, no segment analysis is presented.

(a) Geographical information

The Group's operations are located in Hong Kong and all the revenue of the Group were derived from Hong Kong customers. The Group's non-current assets are located in Hong Kong.

(b) Major customers

Revenue from customers which individually contributed over 10% of the Group's revenue is as follows:

	2018	2017
	HK$'000	*HK$'000*
Customer 1	**592,236**	621,630
Customer 2	**89,822**	76,112

6. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2018	2017
	HK$'000	*HK$'000*
Auditor's remuneration		
– audit services	**625**	657
– non-audit services	**150**	150
Depreciation		
– own assets	**6,140**	4,555
– leased assets	**209**	428
(Gain)/Loss on disposal of property, plant and equipment, net	**(252)**	163
Gain on disposal of financial assets at fair value through profit or loss	**(428)**	–
Fair value loss on financial assets at fair value through profit or loss	**966**	–
Site equipment rental costs (included in cost of sales)	**48,296**	60,092
Operating lease charges in respect of premises and office equipment	**638**	760
Exchange gain	**(30)**	–

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year.

	2018	2017
	HK$'000	*HK$'000*
Current tax		
Hong Kong profits tax		
– Current year	**–**	4,723
– Over-provision in respect of prior year	**(36)**	(40)
	(36)	4,683
Deferred tax		
– Current year	**255**	2,744
Income tax expense	**219**	7,427

Reconciliation between income tax expense and accounting (loss)/profit at applicable tax rate:

	2018	2017
	HK$'000	*HK$'000*
(Loss)/Profit before income tax	**(2,673)**	37,976
Tax on (loss)/profit before income tax at 16.5% (2017: 16.5%)	**(441)**	6,266
Tax effects on:		
– Non-taxable income	**(10)**	–
– Non-deductible expenses	**10**	677
– Tax losses not recognised	**696**	524
– Over-provision in respect of prior year	**(36)**	(40)
Income tax expense	**219**	7,427

8. DIVIDENDS

No dividend was declared or paid by the Company to its equity holders during the year (2017: HK$Nil).

9. (LOSS)/EARNINGS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
(Loss)/Earnings		
(Loss)/Profit for the year attributable to equity holders of the Company	**(2,892)**	30,549
Number of shares		
Weighted average number of ordinary shares (in thousands)	**1,248,000**	1,242,301

The weighted average number of ordinary shares used to calculate the basic loss per share for the year ended 31 March 2018 represents 1,248,000,000 ordinary shares in issue throughout the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 31 March 2017 includes (i) 10,000 ordinary shares in issue throughout the year; and (ii) the 1,039,990,000 new ordinary shares issued pursuant to the Capitalisation Issue (note 14 (ii)), as if all these shares had been in issue throughout the year ended 31 March 2017; and (iii) 202,301,000 shares, representing the weighted average of 208,000,000 new ordinary shares issued pursuant to the Placing (note 14(i)).

There were no dilutive potential ordinary shares during both years and therefore, diluted (loss)/earnings per share equals to basic (loss)/earnings per share.

10. PROPERTY, PLANT AND EQUIPMENT

	Land and building *HK$'000*	Furniture and equipment *HK$'000*	Site equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
As at 1 April 2016					
Cost	1,608	1,693	13,064	14,681	31,046
Accumulated depreciation	(725)	(520)	(6,266)	(9,835)	(17,346)
Net book amount	883	1,173	6,798	4,846	13,700
Year ended 31 March 2017					
Opening net book amount	883	1,173	6,798	4,846	13,700
Additions	–	123	25,430	3,468	29,021
Disposals	–	–	(65)	(116)	(181)
Charge for the year	(81)	(167)	(2,756)	(1,979)	(4,983)
Closing net book amount	802	1,129	29,407	6,219	37,557
As at 31 March 2017 and 1 April 2017					
Cost	1,608	1,816	38,359	17,998	59,781
Accumulated depreciation	(806)	(687)	(8,952)	(11,779)	(22,224)
Net book value	802	1,129	29,407	6,219	37,557
Year ended 31 March 2018					
Opening net book amount	802	1,129	29,407	6,219	37,557
Additions	–	2	5,939	1,403	7,344
Disposals	–	–	(218)	(393)	(611)
Charge for the year	(80)	(143)	(3,893)	(2,233)	(6,349)
Closing net book amount	**722**	**988**	**31,235**	**4,996**	**37,941**
As at 31 March 2018					
Cost	1,608	1,818	43,391	17,065	63,882
Accumulated depreciation	(886)	(830)	(12,156)	(12,069)	(25,941)
Net book value	**722**	**988**	**31,235**	**4,996**	**37,941**

As at 31 March 2018 and 2017, the Group's land and building was located in Hong Kong. As at 31 March 2017, the Group's land and building was pledged to the bank as security of bank term loan granted to the Group.

As at 31 March 2018, the Group's motor vehicles with net book amount of HK$550,000 (2017: HK$2,174,000) were held under finance leases.

11. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	2018	2017
	HK$'000	*HK$'000*
Contract costs incurred plus recognised profits less recognised losses	**1,853,324**	1,021,851
Less: progress billings	**(1,839,674)**	(1,011,666)
	13,650	10,185
Recognised and included in the consolidated statement of financial position as:		
– Amounts due from customers for contract work	**35,874**	26,554
– Amounts due to customers for contract work	**(22,224)**	(16,369)
	13,650	10,185

All amounts due from/to customers for contract work are expected to be recovered/settled within one year.

12. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**62,189**	80,203
Retention monies receivables	**42,096**	34,103
Receivables from a securities broker	**19,524**	–
Other receivables, deposits and prepayments	**3,366**	6,535
	127,175	120,841

The ageing analysis of trade receivables based on invoice date is as follows:

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**26,633**	52,857
31 – 60 days	**30,167**	27,346
61 – 90 days	**3,852**	–
Over 90 days	**1,537**	–
	62,189	80,203

The Group usually grants customers a credit period of 45 days (2017: 45 days).

At the end of the reporting date, the Group reviewed trade receivables for evidence of impairment on both an individual and collective basis. Based on this assessment, no impairment has been recognised during the year and as at 31 March 2018 (2017: HK$Nil).

The Group did not hold any collateral as security or other credit enhancements over the trade receivables.

The ageing analysis of trade receivables that were past due but not impaired is as follows:

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**53,067**	80,203
Less than 30 days past due	**7,585**	–
Over 90 days past due	**1,537**	–
	62,189	80,203

Trade receivables which were neither past due nor impaired related to a range of customers for whom there was no recent history of default.

Trade receivables which were past due but not impaired related to a number of independent customers that had a good track record of credit with the Group. Based on past credit history, management believe 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 to be fully recoverable.

As at 31 March 2018, the retentions held by customers for contract works included in retention monies receivables under current assets of the Group was HK$42,096,000 (2017: HK$34,103,000), of which HK$17,498,000 (2017: HK$14,496,000) are expected to be recovered after more than one year.

As at 31 March 2017, trade receivables of HK$49,511,000 and retention money receivables of HK$8,766,000 together with related rights, title and interests under relevant construction contracts; and the available-for-sale financial asset of HK$3,020,000 were pledged to a bank as security of banking facilities granted to the Group, such banking facilities also secured by the corporate guarantee given by the Company. None of such banking facilities has been utilised as at 31 March 2017.

13. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**48,695**	52,640
Retention monies payables	**27,705**	14,082
Accruals and other payables	**8,751**	9,159
	85,151	75,881

The ageing analysis of trade payables based on invoice date is as follows:

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**36,191**	39,563
31 – 60 days	**12,501**	12,032
61 – 90 days	**–**	1,006
Over 90 days	**3**	39
	48,695	52,640

The Group is granted by its suppliers a credit period ranging from 0 to 30 days (2017: 0 to 30 days).

As at 31 March 2018, the retentions held by the Group for contract works included in retention monies payables under current liabilities of the Group was HK$27,705,000 (2017: HK$14,082,000), of which HK$13,817,000 (2017: HK$5,651,000) are expected to be payable after more than one year.

14. SHARE CAPITAL

	2018		2017	
	Number of shares	***HK$'000***	Number of shares	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each				
As at 1 April and 31 March	**2,000,000,000**	**20,000**	2,000,000,000	20,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
As at 1 April	**1,248,000,000**	**12,480**	10,000	–
Issuance of ordinary shares pursuant to the Placing *(note i)*	**–**	**–**	208,000,000	2,080
Issuance of ordinary shares pursuant to the Capitalisation Issue *(note ii)*	**–**	**–**	1,039,990,000	10,400
As at 31 March	**1,248,000,000**	**12,480**	1,248,000,000	12,480

Note:

(i) On 11 April 2016, 208,000,000 shares of HK$0.01 each of the Company were allotted and issued at a price of HK$0.26 per share by way of placing (the "Placing").

The proceeds of HK$2,080,000 represents the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of HK$52,000,000 net of listing costs directly attributable to the issue of shares of HK$4,928,000, amounted to HK$47,072,000 were credited to the Company's share premium account. The shares allotted and issued rank pari passu with the then existing issued shares in all respects.

(ii) Pursuant to the written resolutions of the shareholder passed on 24 March 2016, subject to the share premium account of the Company being credited as a result of the Placing, the directors were authorised to allot and issue a total of 1,039,990,000 shares credited as fully paid at par to Blooming Union Investments Limited by way of capitalisation of the sum of HK$10,400,000 standing to the credit of the share premium account of the Company (the "Capitalisation Issue"). The Capitalisation Issue was completed on 12 April 2016. The shares allotted and issued rank pari passu in all respects with the then existing issued shares.

15. RESERVES

The amounts of the Group's reserves and the movements during the year are presented in the consolidated statement of changes in equity of the consolidated financial statements.

Share premium

The share premium represents the difference between the par value of the shares of the Company and net proceeds received from the issuance of the shares of the Company.

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to the shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

Available-for-sale financial asset revaluation reserve

The available-for-sale financial asset revaluation reserve represents the reserve arising from the investment in a life insurance policy.

Other reserve

Other reserve represents the reserve arising from the loan capitalisation of Luen Hing Construction & Eng. Limited ("Luen Hing") and Hop Fung Construction and Engineering Company Limited ("Hop Fung") on 21 March 2016.

On 21 March 2016, by way of loan capitalisation, Luen Hing applied HK$5,480,000 due to its directors toward the satisfaction of the issue and allotment of 5,480,000 new shares of Luen Hing at a subscription price of HK$1 per share to Super Pioneer Trading Limited ("Super Pioneer").

On 21 March 2016, by way of loan capitalisation, Hop Fung applied HK$4,920,000 due to its director toward the satisfaction of the issue and allotment of 4,920,000 new shares of Hop Fung at a subscription price of HK$1 per share to Super Pioneer.

Capital reserve

Capital reserve represents the difference between the nominal values of the share capital of subsidiaries acquired by the Group and the nominal value of the Company's shares issued for the acquisition under the reorganisation.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group has over 18 years of experience in providing civil engineering works as a subcontractor in Hong Kong. The civil engineering works undertaken by the Group are mainly related to (i) roads and drainage works (including construction and improvement of local road, carriageway with junction improvement and the associated footpaths, planting areas, drains, sewers, water mains and utilities diversion); (ii) structural works (including construction of reinforced concrete structures for bridges and retaining walls); and (iii) site formation works (including excavation and/or filling works for forming a new site or achieving designed formation level for later development).

As at 31 March 2018, we had 32 contracts on hand with a total contract sum of approximately HK$2,003,974,000. During the year, we have been awarded 11 new contracts with a total contract sum of approximately HK$333,627,000.

Outlook

2019 is expected to be full of opportunities and challenges. The planned commitment in the Government's public expenditure on infrastructure will result in more business opportunities being presented to the market. Whilst factors including but not limited to difficult geological conditions, adverse weather conditions, variations to the construction plans instructed by customers and other unforeseen problems or circumstances that occur during project implementation continue being threats that likely affect the Group's profit as a subcontractor.

Looking forward, the Group will continue to strengthen the competitive edge of the Group over the competitors in the civil engineering industry and at the same time carefully evaluate each projects and control the Group's overall costs to a reasonable level; which in turn increase shareholders' return.

Significant Investment

Financial asset at FVTPL Significant Investments	For the year ended 31 March 2018 Fair value loss *HK$'000*	As at 31 March 2018 Number of shares held *'000*	Fair value *HK$'000*	Approximately percentage to the total asset	As at 1 April 2017 Fair value *HK$'000*
SHIS Limited ("SHIS")	**(1,238)**	**16,905**	**11,834**	**3.40%**	**–**
Other listed equity securities *(note 1)*			**27,982**	**8.03%**	**–**
Total			**39,816**	**11.43%**	**–**

Note:

1. As at 31 March 2018. other listed equity securities comprised 4 listed equity securities in Hong Kong. None of the other listed equity securities was more than 5% of the total assets of the Group as at 31 March 2018.

SHIS is principally engaged in providing integrated building services, with a focus on maintenance and/or installations of mechanical and electrical systems and including minor repairs and improvement works, and undertaking building and construction works in Singapore. Based on SHIS's interim report for the six months ended 30 September 2017, revenue and profit after income tax of SHIS was approximately SGD25.2 million and SGD1.9 million respectively.

After the year ended 31 March 2018 and up to date of this announcement, the Group disposed all of its investment in SHIS on the open market and resulted in fair value gain with an amount of approximately HK$19.2 million, which will be credited to the profit or loss of the Group for the year ending 31 March 2019. For details, please refer to the Company's announcement dated 29 May 2018.

The future performance of the listed securities may be influenced by the Hong Kong stock market. In this regard, the Group will continue to maintain a diversified investment portfolio and closely monitor the performance of its investments and the market trends to adjust its investment strategies.

Financial Review

Revenue

All of the Group's revenue was generated from the provision of civil engineering works and provision of decoration and renovation works. The total revenue of the Group decreased by approximately HK$26,735,000 from approximately HK$735,330,000 for the year ended 31 March 2017 to approximately HK$708,595,000 for the Reporting Period. Such decrease was mainly due to few large construction projects reaching completion stage. As at 31 March 2017, we had 24 contracts on hand with a total contract sum of approximately HK$1,717,469,000 whilst as at 31 March 2018, we had 32 contracts on hand with a total contract sum of approximately HK$2,003,974,000.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased significantly by approximately HK$40,208,000 from approximately HK$57,988,000 for the year ended 31 March 2017 to approximately HK$17,780,000 for the Reporting Period. The Group's gross profit margin decreased from approximately 7.9% for the year ended 31 March 2017 to approximately 2.5% for the Reporting Period, representing a decrease of approximately 5.40 percentage points.

Our gross profit margin varied substantially from project to project and is mainly attributable to our pricing, which is determined based on a cost-plus pricing model in general with mark-up determined on a project-by-project basis and such mark-up is determined based on the following factors:

Contract value of the project

We would normally set a tender price based on a relatively lower mark-up for projects with a larger contract value due to the larger absolute amounts of revenue and gross profit (being the contract sum less the expected costs of sales) expected to be derived from a project with a larger contract value.

Nature and complexity of civil engineering works

When preparing our tender price, we consider, among other factors, (i) the amount of project management; (ii) the level of difficulty; (iii) the amount of uncertainties; (iv) the types and amount of works to be performed using different techniques; (v) the types and amount of resources such as labour skills, construction materials and supplies and site equipment; and (vi) the quality, safety and environmental standards. We would also take into account the likelihood of any material deviation of actual costs from our estimated costs having regard to the estimated subcontracting charges, staff costs, construction materials and supplies costs, rental of site equipment costs and other costs of sales.

Competition

The level of competition for each construction project is subject to factors beyond our control, including, among others, the number of contractors invited to bid for the construction project, our competitors' capacity and the nature and complexity of the works involved. If the level of competition of a particular construction project is low or if our competitors' tender prices are relatively high, which is due to their own commercial decisions, we may be able awarded the construction project even if our tender price is not particularly competitive.

Cost control

While we may obtain preliminary quotations from our subcontractors when preparing our tender prices, the final agreed prices with our subcontractors are subject to further negotiations after we are successfully awarded with a tender and after we obtain more specific information regarding the works and the site conditions. Such further negotiations with our subcontractors may result in higher or lower gross profit margins.

We enter into contra charge arrangements with some of our customers for, among others, the purchase of construction materials and supplies and site equipment rental and hence any increase in these costs are borne by our customers. The prices of construction materials and supplies and site equipment rental and other costs of sales that are not covered by contra charge arrangements are determined by reference to quotations of suppliers as agreed by us and our suppliers on an order-by-order basis. While we price in the estimated future price trend of these costs of sales when preparing our tender proposals, material deviation of the actual costs from our estimated costs may arise, which would result in higher or lower gross profit margins.

Due to, among others, the factors stated above, our gross profit margin varied substantially from project to project.

Other Income

Other income of the Group decreased by approximately HK$2,840,000 or 69.6% from approximately HK$4,079,000 for the year ended 31 March 2017 to approximately HK$1,239,000 for the Reporting Period. The decrease was mainly arose from the decrease of contra-charge received from our subcontractor.

Administrative and Other Operating Expenses

Administrative and other operating expenses of the Group decreased by approximately HK$2,193,000 or 9.3% from approximately HK$23,642,000 for the year ended 31 March 2017 to approximately HK$21,449,000 for the Reporting Period. Administrative and other operating expenses consists primarily of staff costs, depreciation, rental expenses, listing expenses and other administrative expenses. The decrease was mainly attributable to a decrease in listing expenses during the Reporting Period.

Finance Costs

Finance costs for the Group decreased by approximately HK$206,000 or 45.9% from approximately HK$449,000 for the year ended 31 March 2017 to approximately HK$243,000 for the Reporting Period. The decrease was mainly attributable to completion of repayment of certain finance lease liabilities and bank borrowing during the year.

Income Tax Expense

Income tax expense for the Group had decreased by approximately HK$7,208,000 from approximately HK$7,427,000 for the year ended 31 March 2017 to approximately HK$219,000 for the Reporting Period. Such decrease was mainly due to the decrease in profit before income tax and the decrease in recognition of deferred tax liabilities arising from excess of net book values of property, plant and equipment over tax values.

(Loss)/Profit for the year

(Loss)/Profit for the year decreased by approximately HK$33,441,000 from profit of approximately HK$30,549,000 for the year ended 31 March 2017 to loss of approximately HK$2,892,000 for the Reporting Period. Such decrease was primarily attributable to the net effect of the decrease in revenue, gross profit, administrative and other operating expenses and income tax expense for the Reporting Period as discussed above.

Liquidity, Financial Resources And Capital Structure

Cash and bank balances are denominated in Hong Kong dollar. The current ratio of the Group as at 31 March 2018 was approximately 1.3 times as compared to that of approximately 1.7 times as at 31 March 2017. The decrease was mainly due to the advance from shareholder for operating business purpose.

The total interest bearing debts of the Group, including bank borrowings and finance lease liabilities, decreased from approximately HK$6,461,000 as at 31 March 2017 to approximately HK$138,000 as at 31 March 2018. All borrowings are denominated in Hong Kong dollar and are repayable within 5 years. The Group did not carry out any hedging for its floating borrowings.

As at 31 March 2018, the Group had no general banking facilities (31 March 2017: HK$55,585,000). As at 31 March 2018, the finance lease liabilities amounted to approximately HK$138,000 (31 March 2017: approximately HK$1,794,000).

The gearing ratio, calculated based on all interest-bearing borrowings and obligations under finance leases divided by total equity at the end of the period and multiplied by 100%, stood at approximately 0.10% as at 31 March 2018 (31 March 2017: approximately 6.10%). With available bank balances and cash, the Group has sufficient liquidity to satisfy its funding requirements.

Capital Structure

The Shares were successfully listed on GEM of the Stock Exchange on 12 April 2016. There has been no change in the capital structure of the Group since then. As at 31 March 2018, the Company's issued and fully paid capital and total equity attributable to equity holders of the Company amounted to approximately HK$12,480,000 and HK$103,478,000 respectively.

Commitments

As at 31 March 2018, there was no capital commitment for the Group (31 March 2017: HK$Nil).

Contingent Liabilities

As at 31 March 2018, the Group did not have any material contingent liabilities (31 March 2017: HK$Nil).

Acquisitions And Disposals And Future Plans For Material Investments And Capital Assets

Save as disclosed in the section headed "COMPARISON OF BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS" and "USE OF PROCEEDS OBTAINED FROM THE LISTING AND CHANGE IN USE OF PROCEEDS" in this report, the Group did not have any acquisitions or disposals of subsidiaries and affiliated companies during the Reporting Period and the Group did not have other plans for acquisitions or capital assets.

Exposure To Exchange Rate Fluctuation

The Group's business operations were conducted in Hong Kong and the transactions, monetary assets and liabilities of the Group were denominated in Hong Kong dollars and United States dollars. Since United States dollars is linked to Hong Kong dollars at the rate of United States dollars 1 to Hong Kong dollars 7.80, the Directors therefore consider the impact of foreign exchange exposure to the Group is minimal.

Charge Over Group's Assets

The total interest bearing debts of the Group, including finance lease liabilities amounted to approximately HK$138,000 as at 31 March 2018.

As at 31 March 2018, the Group had no general banking facilities (31 March 2017: HK$55,585,000). As at 31 March 2018, the finance lease liabilities amounted to approximately HK$138,000 (31 March 2017: approximately HK$1,794,000).

As at 31 March 2017, the bank overdraft facility of HK$6,000,000 and the term loan facility of HK$5,585,000 were secured by pledge of the land and building of the Group with carrying amount of approximately HK$802,000 and a corporate guarantee of a maximum amount of HK$12,000,000 given by the Company. The invoice discounting/factoring facility of HK$34,000,000 was secured by corporate guarantee given by the Company and a charge over receivables and proceeds on one of the customers with carrying amount of approximately HK$49,511,000 and retention money receivables of approximately HK$8,766,000 together with related rights, title and interests under relevant construction contracts whilst the banking facility with a combined limit of HK$10,000,000 (which consist of bank overdraft facility of HK$3,000,000 and/or a clean import loan of HK$10,000,000 and/or advance to manufacturer against sales contract of HK$10,000,000) was secured by investment in a life insurance policy with sum insured of US$968,000 (equivalent to approximately HK$7,522,000) with carrying amount of approximately HK$3,020,000, a deposit of HK$1,300,000 and a corporate guarantee given by the Company.

Employees And Remuneration Policies

As at 31 March 2018, the Group had approximately 205 employees (31 March 2017: 228 employees). The total staff costs incurred, including Directors' emoluments, of the Group were approximately HK$85,040,000 for the Reporting Period (31 March 2017: approximately HK$100,082,000). Remuneration is determined based on each employee's qualifications, position and seniority. In addition to a basic salary, year-end discretionary bonuses were offered with reference to the Group's performance as well as individual's performance to attract and retain appropriate and suitable personnel to serve the Group. Furthermore, we offer other staff benefits like provision of retirement benefits, various types of trainings and sponsorship of training courses. We have also adopted an annual review system to assess the performance of our staff, which forms the basis of our decisions with respect to salary raises and promotions.

Final Dividend

The Board does not recommend the payment of a final dividend for the Reporting Period (2017: HK$Nil).

Events after the reporting period

Save as disclosed in this report, the Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 31 March 2018 and up to the date of this report.

Comparison Of Business Objectives And Actual Business Progress

An analysis comparing the business objectives set out in the prospectus of the Company dated 31 March 2016 (the "Prospectus") with the Group's actual business progress for the period from 12 April 2016 (the "Listing Date") to 31 March 2018 is set out below:

Business objectives up to 31 March 2018	Actual Business Progress up to 31 March 2018
Acquisition of additional site equipment	
– Purchase three hydraulic truck cranes, three motor vehicles, three generators, one air compressor and one excavator for the Group's projects	The Group purchased four hydraulic truck cranes, three motor vehicles, three generators and two excavators for use in its projects *(Note)*
– Evaluate the effectiveness and efficiency of site equipment and obtain quotation for new site equipment	The Group will continue monitoring the effectiveness and efficiency of the site equipment on hand
Further strengthening our manpower	
– Recruit three crane operators, two engineers, one project manager, three foremen, one administrative staff and one quantity surveyor	The Group recruited three crane operators, two engineers, one project manager, three foremen, one administrative staff and one quantity surveyor to cope with the business development
– Continue to assess the sufficiency of the Group's labour resources and provide training to existing and newly recruited staff and/or sponsor its staff to attend training courses	The Group will continue to assess the sufficiency of its labour resources and has sponsored existing and newly recruited staff to attend various training courses organised by third parties

Use Of Proceeds Obtained From The Listing And Change In Use Of Proceeds

The net proceeds from the share offer received by the Company in relation to the Listing, after deducting listing related expenses, were approximately HK$35.7 million. An analysis of the utilisation of the net proceeds from the Listing Date up to 31 March 2018 is set out below:

	Planned use of net proceeds as stated in the Prospectus up to 31 March 2018 *HK$ million*	Actual use of net proceeds up to 31 March 2018 *HK$ million*
Acquisition of additional site equipment	18	18
Further strengthening our manpower	7.6	7.6
Repayment of bank loans and finance lease	6.8	6.8
General working capital of the Group	3.3	3.3

Note: The Group refers to the announcement of the Company dated 21 June 2016 regarding a change in use of proceeds for the period from the Listing Date to 30 September 2016. The Board resolved to change the use of net proceeds from the Placing by acquiring four (one large and three small) hydraulic truck cranes instead of three (large) hydraulic truck cranes. The Board noted from the 2016-17 Budget released by the Government on 1 April 2016 that most of the projects of the Highways Department that are in the planning stage or under investigation and preliminary design stage are expected to be carried out in urban areas. Large hydraulic truck cranes are not as suitable for use in smaller construction sites with limited space, such as in urban areas, while smaller hydraulic truck crane are suitable for use in most construction sites and hence, provides greater flexibility. Having considered the above reason, the Board considers that acquiring the proposed composition of one large and three small hydraulic truck cranes would be more suitable as most of the upcoming projects of the Highways Department are expected to be carried out in urban areas.

The Board considers that the change in the use of net proceeds would meet the needs of the Group more efficiently and enhance the flexibility of the Group and is in the interests of the Company and the shareholders of the Company (the "Shareholders") as a whole.

The Group also refers to the announcement of the Company dated 14 June 2017 regarding a change in use of proceeds for the period from 1 April 2017 to 30 September 2017. The Board has resolved to change the use of net proceeds from the Placing by acquiring two excavators instead of one air compressor and one excavator. In October 2016, the Board assessed the needs for each project and had decided to use our internal resources to purchase an air compressor to address such needs. Therefore, the Board considers that purchasing an additional air compressor with the listing proceeds would not be efficient and effective at this stage. The Board has considered the listing proceeds to be better utilised with the purchase of an additional excavator to replace an existing excavator which has broken down and would be costly to repair. Having considered the above reasons, the Board has decided to purchase two excavators with the listing proceeds of approximately HK$0.7 million, which is allocated for use from 1 April 2017 to 30 September 2017. The Board considers that the change in the use of net proceeds would meet the needs of the Group more efficiently and enhance the flexibility of the Group and is in the interests of the Company and the Shareholders as a whole.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "Code") in Appendix 15 of the GEM Listing Rules. During the period from the Listing Date to the Reporting Period, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the Code.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities after the Listing Date and up to the date of this announcement.

COMPETING INTERESTS

The Directors confirm that none of the then Controlling Shareholders or the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business during the Reporting Period and up to the date of this report.

DEED OF NON-COMPETITION

The deed of non-competition dated 24 March 2016 has been entered into by the then Controlling Shareholders in favour of the Company. Pursuant to which the then Controlling Shareholders have undertaken, jointly and severally, to the Company that they would not, and that their close associates and/or companies controlled by the then Controlling Shareholders would not, directly or indirectly, either on their own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise) any business which is or may be in competition with the existing core business of the Group. Details of the non-competition deed are set out in the paragraph headed "Non-Competition Undertakings" in the section headed Relationship with our Controlling Shareholders" of the Prospectus.

The Company has received an annual declaration from each of the then Controlling Shareholders confirming that he/she/it has complied with the non-competition undertakings provided to the Company under the said deed of non-competition during the Reporting Period. The INEDs have reviewed the status of compliance and enforcement of the non-competition undertakings and confirmed that all the undertakings thereunder have been complied for the Reporting Period.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the Shares (the "Code of Conduct'). The Company has made specific enquiry to all Directors, and all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct from the Listing Date up to the date of this report.

SHARE OPTION SCHEME

The Share Option Scheme of the Company has been adopted by way of shareholder's written resolution passed on 24 March 2016 for the purpose of attracting and retaining the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the businesses of the Group. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules and are summarised below:

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point in time, without prior approval from the Shareholders. The number of Shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the Shareholders. Options granted to substantial Shareholders or INEDs or any of their respective associates (including a discretionary trust whose discretionary objects include substantial Shareholders, INEDs, or any of their respective associates) in any 12-month period in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Shareholders.

Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK$1 per option. Options may be exercised at any time during a period as the Directors may determine which shall not exceed ten years from the date of grant. The exercise price is determined by the Directors, and will be at least the higher of (i) the closing price of the Shares on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share.

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the adoption date (i.e. 24 March 2016) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

There is no option outstanding, granted, exercised, cancelled and lapsed from the date of adoption of the Share Option Scheme to 31 March 2018.

INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Group has appointed TC Capital International Limited as our compliance adviser, which will provide advice and guidance to the Group in respect of compliance with the applicable laws and the GEM Listing Rules. Except for the compliance adviser agreement entered into between the Company and our compliance adviser dated on 31 March 2016, neither our compliance advisor nor its Directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company complies with the minimum of public float of 25% as required under the GEM Listing Rules as at the date of this report.

AUDIT COMMITTEE

An audit committee has been established with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, and paragraphs C.3.3 and C.3.7 of the CG Code. The audit committee consists of three members, namely Mr. Wong Chi Kan, Mr. Tai Hin Henry and Mr. Liao HongHao, all being INEDs. Mr. Wong Chi Kan currently serves as the chairman of the audit committee.

The committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of the Group, and as to the adequacy of the external and internal audits.

The audit committee had also reviewed audited annual results in respect of the year ended 31 March 2018, and confirmed that this announcement complies with the applicable standard, the GEM Listing Rules, and other applicable legal requirements and that adequate disclosures have been made.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

This announcement will be published on the respective websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.luenwong.hk). The annual report for the Reporting Period containing all the information required by the GEM Listing Rules will be published on the website of the Company and the Stock Exchange and despatched to the Company's shareholders in due course.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming AGM of the Company will be held on Friday, 3 August 2018 at Portion 2, 12/F, The Center, 99 Queen's Road Central, Hong Kong. For the purpose of determining entitlement to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Wednesday, 1 August 2018 to Friday, 3 August 2018, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the forthcoming AGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than 4:00 p.m. on Tuesday, 31 July 2018.

By order of the Board
Luen Wong Group Holdings Limited
So Kwok Hung
Chairman and Executive Director

Hong Kong, 25 June 2018

As at the date of this announcement, the executive Directors are Mr. So Kwok Hung and Ms. Yu Xiao and the independent non-executive Directors are Mr. Wong Chi Kan, Mr. Tai Hin Henry and Mr. Liao HongHao.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited 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 in this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its posting and on the website of the Company at www.luenwong.hk.