

Man King Holdings Limited 萬景控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2193



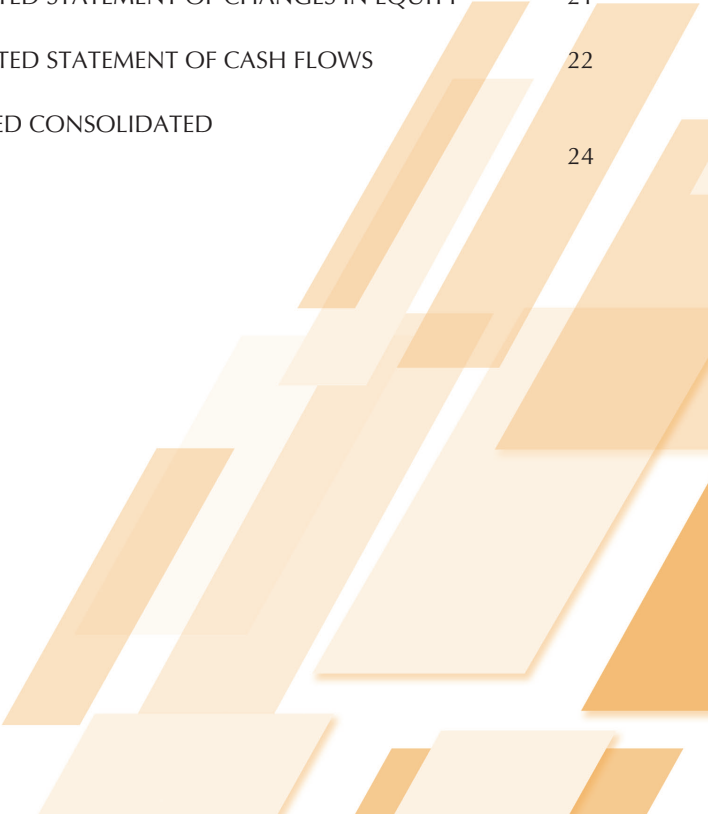
2016 INTERIM REPORT



Man King
萬景控股

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Lo Yuen Cheong (*Chairman*)
Lo Yick Cheong

Non-executive Director

Chan Wai Ying

Independent non-executive Directors

Leung Wai Tat Henry
Lo Man Chi
Chau Wai Yung

AUDIT COMMITTEE

Leung Wai Tat Henry (*Chairman*)
Chan Wai Ying
Chau Wai Yung
Lo Man Chi

REMUNERATION COMMITTEE

Chau Wai Yung (*Chairman*)
Lo Yuen Cheong
Leung Wai Tat Henry
Lo Man Chi

NOMINATION COMMITTEE

Lo Yuen Cheong (*Chairman*)
Lo Yick Cheong
Chau Wai Yung
Leung Wai Tat Henry
Lo Man Chi

COMPANY SECRETARY

Wan Ho Yin

SOLICITORS

CFN Lawyers in association
with Broad & Bright
Maples and Calder

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited

Industrial and Commercial Bank of China
(Asia) Limited

REGISTERED OFFICE

PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

PRINCIPAL OFFICE

Unit D, 10/F
Skyline Tower
18 Tong Mi Road
Mongkok, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093
Boundary Hall, Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

2193

WEBSITE

<http://www.manking.com.hk>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in providing civil engineering services in Hong Kong as a main contractor. The engineering works undertaken by the Group are mainly related to (i) roads and drainage (including associated building works and electrical and mechanical works); (ii) site formation (including associated infrastructure works); and (iii) port works. The Group undertakes engineering projects in both public and private sectors and, being a main contractor, participates in the procurement of materials, machineries and equipment, selection of subcontractors, carrying out on-site supervision, monitoring work progress and overall co-ordination of day-to-day work of the projects.

The Group secured three new contracts during the six months ended 30 September 2016, with a total value of approximately HK\$486.4 million. As at 30 September 2016, the Group had five projects in progress, and several completed projects yet to receive the final contract sum, with a total estimated outstanding contract sum and work order value of approximately HK\$593.0 million.

FUTURE OUTLOOK

Hong Kong's public spending on infrastructure has been maintained at high levels, and the key major infrastructure projects are still going on. The operating expenses and compensation of employees of the construction sector remain high despite the hard time recruiting qualified engineers and workers has been halted. The prices for supply of major materials such as concrete, rebars and fuels dropped in the first half of the year. This helped inhibit the ever rising trend of the overall construction cost in the past few years and the Board believes that the overall construction cost will remain stable for the remainder of 2016.

Despite these encouraging market conditions, the continuing poor efficiency of the Legislative Council to approve funding for public projects due to filibustering has not only given rise to significant uncertainties and difficulties in submission and award of tenders in the industry but it has also generally affected the performance of the main contractors in terms of revenue and profit margins.

While the Group has secured three contracts with a total value of about HK\$486.4 million so far this interim period and few other tenders that are pending final results, the Group remains focused on further improving our operation efficiency and tender tactics to secure more contracts with reasonable profit margins. The Hong Kong construction environment is likely to remain challenging, but it is not insurmountable. The Group will proceed with caution to maintain a healthy reserve of finance and work force throughout 2016 and the year ahead for effective operation as well as further expansion and development of our business.

FINANCIAL REVIEW

Condensed consolidated statement of profit or loss

Revenue

The Group's revenue for the six months ended 30 September 2016 was approximately HK\$81.8 million representing a decrease of approximately 30.3% from approximately HK\$117.3 million in the same period of the last financial year. This decrease was mainly due to the combined effect of:

- (i) lower revenue of approximately HK\$25.4 million for four civil engineering projects completed during the six months ended 30 September 2016;
- (ii) lower revenue of approximately HK\$32.4 million for projects for the six months ended 30 September 2016 as compared to the revenue of approximately HK\$53.3 million recognised for the same projects which had been completed before 2016; and
- (iii) higher revenue of approximately HK\$22.3 million for the three projects in progress during the six months ended 30 September 2016.

Gross profit

The gross profit margin decreased from approximately 32.9% for the six months period ended 30 September 2015 to approximately 28.0% for the six months ended 30 September 2016, primarily due to projects on hand with high profit margin were substantially completed and less additional contract sums agreed at the final stage were recognised for the six months ended 30 September 2016.

Other income

Other income was approximately HK\$1,761,000 and HK\$981,000 for the six months ended 30 September in 2016 and 2015 respectively. The increase was mainly due to dividend income received from the securities investments.

Other gains and losses

Other gains and losses switched from a loss of approximately HK\$2,160,000 for the six months ended 30 September 2015 to a gain of approximately HK\$714,000 for the six months ended 30 September 2016, primarily due to net change in fair value of held-for-trading investments of approximately HK\$453,000, net gain on disposal of held-for-trading investments of HK\$598,000 and net unrealised exchange loss recognised of approximately HK\$763,000 as a result of the depreciation of Renminbi and British Pound.

Administrative expenses

Administrative expenses for the six months ended 30 September 2016 were approximately HK\$13.9 million, representing a decrease of 12.5% from approximately HK\$15.9 million in the same period of the last financial year. This was mainly attributable to the decrease in insurance and motor vehicle expenses as a result of the completion of several projects during the six months ended 30 September 2016.

Finance costs

There was no new borrowings and no finance costs incurred during the six months ended 30 September 2016.

Income tax expense

The effective tax rates for the six months ended 30 September 2015 and 2016 were approximately 19.4% and 19.2% respectively. The effective tax rate for the six months ended 30 September 2016 was higher than the statutory profit tax rate of 16.5% which was mainly due to the increase in tax effect of tax losses not recognised by the Company during the six months ended 30 September 2016.

Profit for the period

For the six months ended 30 September 2016, the Group recorded a net profit of approximately HK\$9.2 million, a decrease of approximately 26.5% as compared to the net profit of approximately HK\$12.5 million for the corresponding period in the last financial year. This was mainly due to the decrease in gross profit, as mentioned above, during the six months ended 30 September 2016.

Condensed consolidated statement of financial position

Net assets of the Group increased 4.9% from approximately HK\$256.6 million as at 31 March 2016 to approximately HK\$269.2 million as at 30 September 2016.

Non-current assets increased by 5.8% from approximately HK\$7.2 million to approximately HK\$7.7 million, primarily due to the additions on construction equipment and motor vehicles.

Net current assets increased by 4.9% from approximately HK\$249.8 million to approximately HK\$262.1 million, primarily due to the increase in trade receivables.

Liquidity and financial resources

As at 30 September 2016, the Group had bank balances and cash of approximately HK\$174.6 million (31 March 2016: HK\$167.0 million), which were mainly denominated in Hong Kong dollars, Renminbi and British Pound. The Group is exposed to the currency risks of the fluctuation in exchange rates of Renminbi and British Pound. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates and has not adopted any currency hedging policies or other hedging instruments. The Group will continue to monitor its exposure to the currency risks closely.

The Group adopts a prudent approach in cash management and there was no interest bearing borrowings as at 30 September 2016 (31 March 2016: nil).

The Group has available unutilised bank borrowings facilities of HK\$18.5 million as at 30 September 2016 (31 March 2016: HK\$15.0 million).

Capital structure and gearing ratio

As at 30 September 2016, total equity was HK\$269.2 million (31 March 2016: HK\$256.6 million) comprising ordinary share capital, share premium and reserves.

The gearing ratio of the Group, defined as a percentage of interest bearing liabilities divided by the total equity, is nil as at 30 September 2016 (31 March 2016: nil).

For details of pledged assets and performance bonds and contingent liability of the Group, please refer to notes 15 and 22 to the condensed consolidated financial statements accordingly.

New Business

During the six months ended 30 September 2016, the Company did not commence any new type of business.

Significant investments

During the six months ended 30 September 2016, the Company did not hold any significant investment.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the six months ended 30 September 2016, there was no material acquisition or disposal of subsidiaries and associated companies by the Company.

DISCLOSURE OF INTERESTS

DIRECTORS' AND THE CHIEF EXECUTIVE'S INTERESTS IN THE SHARES OF THE COMPANY

As at 30 September 2016, the interests and/or short positions of the Directors and Chief Executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), which or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of Director and Group member/ associated corporation	Capacity/nature	Number of issued ordinary shares held (long position)	Number of Underlying shares (in respect of the share options (unlisted equity derivatives)) of the Company held ^(note 2)	Percentage of the issued share capital of the company
Lo Yuen Cheong of the Company	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse ^(Note 1)	300,000,000	–	71.96%
	Beneficial owner	1,428,000	3,500,000	1.18%
Lo Yick Cheong of the Company	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse ^(Note 1)	300,000,000	–	71.96%
	Beneficial owner	–	3,500,000	0.84%
Chan Wai Ying of the Company	Beneficial owner	360,000	2,640,000	0.72%

Name of Director and Group member/ associated corporation	Capacity/nature	Number of issued ordinary shares held (long position)	Number of Underlying shares (in respect of the share options (unlisted equity derivatives)) of the Company held ^(note 2)	Percentage of the issued share capital of the company
Leung Wai Tat Henry of the Company	Beneficial owner	100,000	–	0.02%
Lo Yuen Cheong of Jade Vantage Holdings Limited	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse ^(Note 1)	50,000 of US\$1 each	–	100%
Lo Yick Cheong of Jade Vantage Holdings Limited	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse ^(Note 1)	50,000 of US\$1 each	–	100%

Notes:

1. Jade Vantage Holdings Limited, which owns 71.96% of the issued share capital of our Company, is owned as to 100% by LOs Brothers (PTC) Limited, the trustee of the Los Family Trust. Mr. Lo Yuen Cheong, Mr. Lo Yick Cheong and each of their spouses are co-founders of the Los Family Trust, which holds the entire issued share capital of Jade Vantage Holdings Limited, which holds 300,000,000 Shares. By virtue of the SFO, Mr. Lo Yuen Cheong and Mr. Lo Yick Cheong are deemed to be interested in the Shares in which Jade Vantage Holdings Limited is interested.
2. The relevant Director was granted options to subscribe for such number of Shares under the Share Option Scheme adopted by the Company on 3 June 2015.

Save as disclosed above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS AND OTHER INTERESTS

As at 30 September 2016, so far as the directors are aware, the following persons (not being a Director or a Chief Executive of the Company) will have an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Nature of interest	Number of issued ordinary shares held (long position)	Percentage of the issued share capital of the Company
LOs Brothers (PTC) Limited	Interest in a controlled corporation	300,000,000	71.96%
Jade Vantage Holdings Limited	Beneficial owner	300,000,000	71.96%
Tam Wai Sze, Vera	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	300,000,000	71.96%
Cheung Suk Ching, Savonne	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	300,000,000	71.96%

Note: Jade Vantage Holdings Limited, which owns 71.96% of the issued share capital of our Company, is owned as to 100% by LOs Brothers (PTC) Limited, the trustee of the Los Family Trust. Mr. Lo Yuen Cheong, Mr. Lo Yick Cheong and each of their spouses are co-founders of the Los Family Trust, which holds the entire issued share capital of Jade Vantage Holdings Limited, which holds 300,000,000 Shares. By virtue of the SFO, Mr. Lo Yuen Cheong and Mr. Lo Yick Cheong are deemed to be interested in the Shares in which Jade Vantage Holdings Limited is interested.

Save as disclosed above, no other person (other than Directors or Chief Executive of the Company) has an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company conditionally adopted the share option scheme on 3 June 2015, and such scheme has become effective on the Listing Date (the “Share Option Scheme”). The purpose of the Share Option Scheme is to recognize and acknowledge the contribution of the eligible participants made to the Group. The Board may, at its discretion, grant options pursuant to the Share Option Scheme to Directors (including the independent non-executive Directors), the Company’s subsidiaries, employees of the Group and other persons the Board considers have contributed or will contribute to the Group. The maximum number of shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 10% of the issued share capital of the Company (i.e. 41,500,000 shares), unless otherwise approved by the shareholders of the Company in general meeting and/or other requirements prescribed under the Listing Rules. The subscription price of a share in respect of a particular option shall be not less than the highest of (a) the official closing price of the Shares on the daily quotation sheet of the Stock Exchange; (b) the average official closing price of the shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a share. The Share Option Scheme shall remain effective within a period of 10 years from the Listing Date.

The outstanding share options granted as disclosed in the announcement of the Company dated 15 July 2015 entitled the relevant grantees to subscribe for an aggregate 25,000,000 new shares of HK\$0.01 each in the share capital of the Company. Detail of movements of the options granted to the directors under the Share Option Scheme for the six months ended 30 September 2016 is as follows:

Name of Directors	Date of grant	Exercisable period	Exercise price HK\$	Outstanding at 1.4.2016	Number of share options			Outstanding at 30.9.2016
					Granted during the period	Exercised during the period	Cancelled during the period	
Lo Yuen Cheong	15 July 2015	15 July 2016 to 14 July 2017	1.1	1,750,000	-	-	-	1,750,000
		15 July 2017 to 14 January 2018	1.1	1,750,000	-	-	-	1,750,000
Lo Yick Cheong	15 July 2015	15 July 2016 to 14 July 2017	1.1	1,750,000	-	-	-	1,750,000
		15 July 2017 to 14 January 2018	1.1	1,750,000	-	-	-	1,750,000
Chan Wai Ying	15 July 2015	15 July 2016 to 14 July 2017	1.1	1,500,000	-	(360,000)	-	1,140,000
		15 July 2017 to 14 January 2018	1.1	1,500,000	-	-	-	1,500,000
				<u>10,000,000</u>	<u>-</u>	<u>(360,000)</u>	<u>-</u>	<u>9,640,000</u>

Save as disclosed above, none of the directors had any interests in the share options to subscribe for the shares.

Employees	Date of grant	Exercisable period	Exercise price HK\$	Outstanding at 1.4.2016	Number of share options			Outstanding at 30.9.2016
					Granted during the period	Exercised during the period	Cancelled during the period	
	15 July 2015	15 July 2016 to 14 July 2017	1.1	6,938,000	-	(1,564,000)	-	5,374,000
		15 July 2017 to 14 January 2018	1.1	6,938,000	-	-	-	6,938,000
				<u>13,876,000</u>	<u>-</u>	<u>(1,564,000)</u>	<u>-</u>	<u>12,312,000</u>

No option was granted or lapsed during the six months ended 30 September 2016.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The Company has adopted, applied and complied with the code provisions of Corporate Governance Code set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange for the six months ended 30 September 2016, except for provision A.2.1 in respect of the separate roles of the chairman and chief executive officer.

According to provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Lo Yuen Cheong is the Chairman and Chief Executive Officer of the Company, responsible for the financial and operational aspects of the Group, and is jointly responsible for the formulation of business development strategies of the Group. The Board believes that vesting the roles of both Chairman and Chief Executive Officer has the benefit of managing the Group’s business and overall operation in an efficient manner. The Board considers that the balance of power and authority under the present arrangement will not be impaired in light of the operations of the Board with half of them being independent non-executive Directors. The Company will review the structure from time to time and shall adjust the situation when suitable circumstance arises.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors.

Upon specific enquiry of all the Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code for the six months ended 30 September 2016.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities for the six months ended 30 September 2016.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the share offer of the Company in connection with its listing on 3 July 2015 was approximately HK\$71.1 million. According to the section “Future Plans and Use of Proceeds” set out in the prospectus of the Company dated 19 June 2015, the Group has used the net proceeds as follows:

	Proposed application <i>HK\$' million</i>	Actual usage up to the date of report <i>HK\$' million</i>
Acquisition of additional machinery and equipment	42.7	1.8
Hiring of additional staff	17.8	0.6
Upgrade of information technology system and software	3.5	0.9
General working capital	7.1	7.1
	<hr/>	<hr/>
	71.1	10.4
	<hr/>	<hr/>

As at the date of this report, the Group does not anticipate any change to the above use of proceeds.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend in respect of the six months ended 30 September 2016.

REVIEW OF INTERIM RESULTS

The Audit Committee and the Company’s external auditor have reviewed the accounting policies adopted by the Group and the unaudited consolidated interim financial results for the six months ended 30 September 2016.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the management on the basis of their merits, qualifications and competence.

The Remuneration Committee considers and recommends to the Board on the remuneration and other benefits paid by the Company to the Directors by reference to the Company's operating results, individual performance and comparable market rates. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate.

As at 30 September 2016, the Group had an aggregate of 104 full-time employees (31 March 2016: 116 full-time employees). Employee costs excluding directors' emoluments totalled HK\$19.3 million for the six months ended 30 September 2016 (six months ended 30 September 2015: HK\$23.0 million). The Group recruited and promoted individual persons according to their strengths and development potential. The Group determined the remuneration packages of all employees including the directors with reference to individual performance and current market salary scale.

By Order of the Board

Lo Yuen Cheong

Chairman and Executive Director

29 November 2016

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF MAN KING HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Man King Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 18 to 42, which comprises the condensed consolidated statement of financial position as of 30 September 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

29 November 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

	Notes	Six months ended	
		30.9.2016 <i>HK\$'000</i> (Unaudited)	30.9.2015 <i>HK\$'000</i> (Unaudited)
Revenue	3	81,760	117,326
Cost of services		(58,897)	(78,697)
Gross profit		22,863	38,629
Other income	4	1,761	981
Other gains and losses	5	714	(2,160)
Administrative expenses		(13,943)	(15,937)
Listing expenses		–	(5,873)
Finance costs	6	–	(85)
Profit before tax	7	11,395	15,555
Income tax expense	8	(2,184)	(3,018)
Profit for the period		9,211	12,537
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value gain on transfer of owner-occupied property to investment property, net of deferred taxation		–	1,193
Total comprehensive income for the period attributable to owners of the Company		9,211	13,730
Earnings per share			
Basic and diluted (in HK cents)	9	2.22	3.52

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2016

	Notes	30.9.2016 HK\$'000 (Unaudited)	31.3.2016 HK\$'000 (Audited)
Non-current assets			
Investment property	11	2,200	2,200
Property, plant and equipment	11	5,455	5,033
		<u>7,655</u>	<u>7,233</u>
Current assets			
Amounts due from customers for contract works	12	54,955	60,471
Debtors, deposits and prepayments	13	63,153	48,547
Amounts due from joint operations	14(i)	10,918	11,926
Tax recoverable		788	783
Held-for-trading investments	21	5,484	11,961
Short-term bank deposits	15	2,011	2,011
Pledged bank deposits	15	4,730	4,733
Bank balances and cash	15	174,611	167,001
		<u>316,650</u>	<u>307,433</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

AT 30 SEPTEMBER 2016

	Notes	30.9.2016 <i>HK\$'000</i> (Unaudited)	31.3.2016 <i>HK\$'000</i> (Audited)
Current liabilities			
Amounts due to customers for contract works	12	17,265	19,371
Creditors and accrued charges	16	28,697	28,742
Amounts due to other partners of joint operations	14(ii)	5,322	7,160
Tax liabilities		<u>3,310</u>	<u>2,319</u>
		<u>54,594</u>	<u>57,592</u>
Net current assets		<u>262,056</u>	<u>249,841</u>
Total assets less current liabilities		269,711	257,074
Non-current liability			
Deferred tax liabilities		<u>474</u>	<u>452</u>
Net assets		<u>269,237</u>	<u>256,622</u>
Capital and reserves			
Share capital	17	4,169	4,150
Share premium and reserves		<u>265,068</u>	<u>252,472</u>
Total equity		<u>269,237</u>	<u>256,622</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

	Share capital	Share premium	Share options reserve	Property revaluation reserve	Other reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2015 (audited)	—*	—	—	—	33,600	108,243	141,843
Profit for the period	—	—	—	—	—	12,537	12,537
Other comprehensive income for the period	—	—	—	1,193	—	—	1,193
Total comprehensive income for the period	—	—	—	1,193	—	12,537	13,730
Issue of shares pursuant to the share offer	1,150	90,850	—	—	—	—	92,000
Share issue expenses	—	(7,675)	—	—	—	—	(7,675)
Capitalisation issue	3,000	(3,000)	—	—	—	—	—
Share-based compensation (note 18)	—	—	633	—	—	—	633
At 30 September 2015 (unaudited)	<u>4,150</u>	<u>80,175</u>	<u>633</u>	<u>1,193</u>	<u>33,600</u>	<u>120,780</u>	<u>240,531</u>
At 1 April 2016 (audited)	4,150	80,175	2,059	1,193	33,600	135,445	256,622
Profit and total comprehensive income for the period	—	—	—	—	—	9,211	9,211
Issue of shares upon exercise of share options (note 17)	19	2,327	(230)	—	—	—	2,116
Share issue expenses	—	(3)	—	—	—	—	(3)
Share-based compensation (note 18)	—	—	1,291	—	—	—	1,291
At 30 September 2016 (unaudited)	<u>4,169</u>	<u>82,499</u>	<u>3,120</u>	<u>1,193</u>	<u>33,600</u>	<u>144,656</u>	<u>269,237</u>

* Less than HK\$1,000

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

	Six months ended	
	30.9.2016	30.9.2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Profit before tax	11,395	15,555
Adjustments for:		
Change in fair value of held-for-trading investments, net	(453)	1,198
Depreciation of property, plant and equipment	648	255
Finance costs	–	85
Gain on disposal of property, plant and equipment	(426)	(131)
Share-based compensation	1,291	633
Unrealised exchange losses, net	763	1,093
Interest income	(298)	(755)
Operating cash flows movements in working capital	(4,723)	4,766
	<hr/>	<hr/>
Cash generated from operations	8,197	22,699
Income tax paid	(1,176)	(2,563)
	<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES	7,021	20,136
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,074)	(207)
Proceeds from disposal of property, plant and equipment	430	131
Deposits paid for acquisition of property, plant and equipment	–	(701)
Advances to joint operations	(412)	(227)
Advances to other partner of a joint operation	–	(45)
Placement of pledged bank deposits	(4,730)	–
Withdrawal of pledged bank deposits	4,733	9,934
Interest income	298	755
	<hr/>	<hr/>
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(755)	9,640

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

	Six months ended	
	30.9.2016	30.9.2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
Interest paid	–	(85)
Proceeds from issue of shares	2,116	92,000
Repayment to other partners of a joint operation	(6)	–
Repayment of bank borrowings	–	(4,846)
Share issue cost directly attributable to issue of new shares	(3)	(7,675)
	<hr/>	<hr/>
NET CASH FROM FINANCING ACTIVITIES	2,107	79,394
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,373	109,170
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	167,001	89,386
	<hr/>	<hr/>
Effect of foreign exchange rate changes	(763)	(1,093)
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	174,611	197,463
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is incorporated in the Cayman Islands with limited liability and its shares have been listed on the Stock Exchange with effect from 3 July 2015.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment property, which are measured at fair values at the end of the reporting period.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2016.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

3. REVENUE AND SEGMENT INFORMATION

The Group's revenue represents the amount received and receivable for revenue arising on civil engineering works and consultancy fee income.

	Six months ended	
	30.9.2016	30.9.2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Civil engineering works	81,750	117,321
Consultancy fee income	10	5
	<u>81,760</u>	<u>117,326</u>

Information reported to the management of the Group, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance is on a project by project basis. Each individual project constitutes an operating segment. For operating segments that have similar economic characteristics, they are produced using similar production process, distributed and sold to similar classes of customers and under similar regulatory environment, and their segment information is aggregated into civil engineering works as single reportable segment. The management of the Group assesses the performance of the reportable segment based on the revenue and gross profit for the period of the Group as presented in the condensed consolidated statement of profit or loss and other comprehensive income. No analysis of the Group's assets and liabilities is regularly provided to the management of Group for review.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

4. OTHER INCOME

	Six months ended	
	30.9.2016 <i>HK\$'000</i> (Unaudited)	30.9.2015 <i>HK\$'000</i> (Unaudited)
Bank interest income	298	755
Rental income from investment property	39	7
Dividend income from held-for-trading investments	687	–
Sundry income	737	219
	<u>1,761</u>	<u>981</u>

5. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2016 <i>HK\$'000</i> (Unaudited)	30.9.2015 <i>HK\$'000</i> (Unaudited)
Gain on disposal of property, plant and equipment	426	131
Change in fair value of held-for-trading investments, net	453	(1,198)
Gain on disposal of held-for-trading investments, net	598	–
Unrealised exchange losses, net	(763)	(1,093)
	<u>714</u>	<u>(2,160)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

6. FINANCE COSTS

Finance costs represented interest on bank borrowings. No finance cost is incurred during the current interim period.

7. PROFIT BEFORE TAX

	Six months ended	
	30.9.2016	30.9.2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit before tax has been arrived at after charging:		
Directors' emoluments	4,245	3,785
Other staff salaries and other allowances	17,996	21,770
Other staff share-based compensation	703	370
Other staff retirement benefit scheme contributions	645	830
Less: amounts included in cost of services	(15,034)	(18,607)
	8,555	8,148
Depreciation of property, plant and equipment	648	255
Less: amounts included in cost of services	(166)	–
	482	255
Operating lease rentals in respect of land and buildings	793	702

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

8. INCOME TAX EXPENSE

	Six months ended	
	30.9.2016	30.9.2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong	2,184	2,367
Underprovision in prior periods	–	651
	2,184	3,018

The Group is subjected to Hong Kong Profits Tax at a rate of 16.5% for both periods.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended	
	30.9.2016	30.9.2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share	9,211	12,537
	'000	'000
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic and diluted earnings per share	415,757	356,557

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

9. EARNINGS PER SHARE *(Continued)*

The weighted average number of ordinary shares in issue of 356,557,000 for the six months ended 30 September 2015 is calculated on the assumption that the group reorganisation and the capitalisation issue are deemed to have become effective on 1 April 2015.

The diluted earnings per share does not assume the effect from the Company's outstanding share options (note 18) as the exercise price of those options is higher than the average market price for shares during the current and prior interim periods.

10. DIVIDEND

No dividends were paid, declared or proposed by the Company during the current and prior interim periods.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the current interim period, the Group spent approximately HK\$1,074,000 (six months ended 30 September 2015: HK\$207,000) on property, plant and equipment, mainly including equipment for construction works and motor vehicles.

The Group's investment property as at the end of the reporting period has been arrived at on the basis of a valuation carried out by BMI Appraisals Limited ("the Valuer"), an independent qualified professional valuer not connected with the Group. The fair value, classified as Level 3 of the fair value hierarchy as at 30 September 2016, was arrived at by reference to market evidence of transaction prices for similar properties in similar location and conditions. The fair value of investment property as at 30 September 2016 was approximately HK\$2,200,000 (31 March 2016: HK\$2,200,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

12. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORKS

	30.9.2016	31.3.2016
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Contracts in progress at the end of the reporting periods:		
Contract costs incurred plus recognised profits less recognised losses	1,027,922	948,734
Less: progress billings	(990,232)	(907,634)
	<u>37,690</u>	<u>41,100</u>
Analysed for reporting purposes as:		
Amounts due from customers for contract works	54,955	60,471
Amounts due to customers for contract works	(17,265)	(19,371)
	<u>37,690</u>	<u>41,100</u>

As 30 September 2016, retention held by customers for contract works amounted to HK\$14,785,000 (31 March 2016: HK\$21,193,000) as disclosed in note 13. No advances were received from customers at 30 September 2016 and 31 March 2016.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

13. DEBTORS, DEPOSITS AND PREPAYMENTS

	30.9.2016 <i>HK\$'000</i> (Unaudited)	31.3.2016 <i>HK\$'000</i> (Audited)
Trade receivables	35,457	17,097
Retention receivables	14,785	21,193
Other debtors, deposits and prepayments		
— Deposits and prepaid expenses (<i>note</i>)	9,601	9,385
— Others	3,310	872
	<u>63,153</u>	<u>48,547</u>

Note: As at 30 September 2016, included in deposits and prepaid expenses is a deposit of HK\$3,370,000 (31 March 2016: HK\$3,370,000) which has been placed and pledged to an insurance institution to secure performance bonds issued by that institution to customers of the Group (*note* 22).

The Group allows credit period up to 60 days to certain customers.

The aged analysis of the Group's trade receivables based on certification/invoice dates at the end of each reporting period is as follows:

	30.9.2016 <i>HK\$'000</i> (Unaudited)	31.3.2016 <i>HK\$'000</i> (Audited)
Trade receivables:		
0–30 days	30,118	7,628
31–60 days	5,260	6,770
61–90 days	–	1,586
Over 90 days	79	1,113
	<u>35,457</u>	<u>17,097</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

13. DEBTORS, DEPOSITS AND PREPAYMENTS *(Continued)*

	30.9.2016 HK\$'000 (Unaudited)	31.3.2016 HK\$'000 (Audited)
Retention receivables:		
Due within one year	11,586	3,440
Due after one year	3,199	17,753
	<hr/> 14,785 <hr/>	<hr/> 21,193 <hr/>

Included in the Group's trade receivables are debtors with carrying amounts of HK\$79,000 (31 March 2016: HK\$2,699,000) at 30 September 2016 which are past due but not impaired. As there has not been a significant change in credit quality, the amounts are still considered recoverable.

	30.9.2016 HK\$'000 (Unaudited)	31.3.2016 HK\$'000 (Audited)
Overdue:		
31–60 days	–	1,586
61–90 days	79	1,113
	<hr/> 79 <hr/>	<hr/> 2,699 <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

14. AMOUNTS DUE FROM JOINT OPERATIONS AND AMOUNTS DUE TO OTHER PARTNERS OF JOINT OPERATIONS

- (i) The amounts due from joint operations comprise:

	30.9.2016 HK\$'000 (Unaudited)	31.3.2016 HK\$'000 (Audited)
Trade related (note a)	10,240	11,660
Non trade related (note b)	678	266
	10,918	11,926

Notes:

- (a) The Group allows a credit period of up to 60 days. The aged analysis of the Group's trade-related amounts due from joint operations based on certification/invoice dates at the end of each reporting period is as follows:

	30.9.2016 HK\$'000 (Unaudited)	31.3.2016 HK\$'000 (Audited)
Due from joint operations:		
0–30 days	3,573	526
31–60 days	–	1,728
61–90 days	902	758
	4,475	3,012
Retention receivables:		
Due within one year	5,765	–
Due after one year	–	8,648
	10,240	11,660

Included in the Group's amounts due from joint operations are debtors with carrying amounts of HK\$902,000 (31 March 2016: HK\$758,000) as at 30 September 2016 which are past due but not impaired. The amount is fully settled subsequent to the end of the reporting period.

- (b) The amounts are unsecured, interest-free and expected to be realised within 12 months from the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

14. AMOUNTS DUE FROM JOINT OPERATIONS AND AMOUNTS DUE TO OTHER PARTNERS OF JOINT OPERATIONS *(Continued)*

- (ii) The amounts due to other partners of joint operations are trade-related with credit period of up to 60 days. The aged analysis of the Group's trade-related amounts due to other partners of joint operations based on certification/invoice dates at the end of each reporting period is as follows:

	30.9.2016	31.3.2016
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Due to other partners of joint operations:		
0–30 days	1,843	566
31–60 days	–	1,137
61–90 days	352	767
	2,195	2,470
Retention payables:		
Due within one year	3,127	–
Due after one year	–	4,690
	5,322	7,160

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

15. SHORT-TERM BANK DEPOSITS/PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Short-term bank deposits are deposits with a bank with an original maturity over three months but less than one year and is therefore classified as current assets as at 30 September 2016.

The pledged bank deposits of the Group are pledged to a bank for securing the performance bond issued by a bank to the Group's customer on behalf of the Group as a guarantee (note 22).

The bank balances comprise cash held by the Group and other short-term bank deposits with an original maturity of three months or less.

16. CREDITORS AND ACCRUED CHARGES

	30.9.2016 HK\$'000 (Unaudited)	31.3.2016 HK\$'000 (Audited)
Trade payables	19,835	17,256
Retention payables	8,067	8,967
Other payables and accruals		
— Accrued wages	209	1,026
— Accrued operating expenses	125	100
— Other payables	461	1,393
	<hr/> 28,697 <hr/>	<hr/> 28,742 <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

16. CREDITORS AND ACCRUED CHARGES *(Continued)*

The credit period on trade purchases is 30 to 60 days. The aged analysis of the Group's trade payables based on invoice dates at the end of each reporting period is as follows:

	30.9.2016 HK\$'000 (Unaudited)	31.3.2016 HK\$'000 (Audited)
Trade payables:		
0–30 days	19,290	10,084
31–60 days	528	7,000
61–90 days	3	157
Over 90 days	14	15
	19,835	17,256
	30.9.2016 HK\$'000 (Unaudited)	31.3.2016 HK\$'000 (Audited)
Retention payables:		
Due within one year	6,532	2,935
Due after one year	1,535	6,032
	8,067	8,967

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

17. SHARE CAPITAL

	Number of shares	Amount HK\$
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 March 2016 and 30 September 2016	<u>200,000,000,000</u>	<u>2,000,000,000</u>
Issued and fully paid:		
At 1 April 2016	415,000,000	4,150,000
Issue of shares upon exercise of share options	<u>1,924,000</u>	<u>19,240</u>
At 30 September 2016	<u>416,924,000</u>	<u>4,169,240</u>

18. SHARE-BASED PAYMENT TRANSACTIONS

The table below discloses movement of the Company's share options held by the Group's directors and employees:

	Number of Share options
Outstanding as at 31 March 2016	23,876,000
Exercised during the current interim period	<u>(1,924,000)</u>
Outstanding as at 30 September 2016	<u>21,952,000</u>

The share-based compensation recognised during the six months ended 30 September 2016 was approximately HK\$1,291,000 (six months ended 30 September 2015: HK\$633,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

19. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	30.9.2016 <i>HK\$'000</i> (Unaudited)	31.3.2016 <i>HK\$'000</i> (Audited)
Within one year	926	1,116
In the second to fifth year inclusive	680	1,088
	1,606	2,204

The leases are generally negotiated for lease terms ranging from 2 to 3 years at fixed rentals.

The Group as lessor

Property rental income earned during the period was HK\$39,000 (six months ended 30 September 2015: HK\$6,500). The Group's investment property is held for rental purpose. The property held has committed tenant for one year.

At the end of the reporting period, the Group had contracted tenant for the following future minimum lease payments:

	30.9.2016 <i>HK\$'000</i> (Unaudited)	31.3.2016 <i>HK\$'000</i> (Audited)
Within one year	7	33

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

20. RELATED PARTY DISCLOSURES

(i) Transactions

The Group had the following transactions with related parties during the period:

Name of related party	Nature of transaction	Six months ended	
		30.9.2016 HK\$'000 (Unaudited)	30.9.2015 HK\$'000 (Unaudited)
C&P (Holdings) Hong Kong Limited	Rental expense (note)	486	78

Note: C&P (Holdings) Hong Kong Limited is a related company in which a sibling of the directors and a shareholder of the Company own its entire interest. In November 2014, the Group entered into a written tenancy agreement for a term of two years at a monthly rent of HK\$13,000. In August 2015, the Group further entered into a written tenancy agreement for a term of three years at a monthly rent of HK\$68,000.

(ii) Balances and other transactions

Details of balances and other transactions with related parties are set out in note 14.

(iii) Compensation of key management personnel

The remuneration of executive directors of the Company and other members of key management was as follows:

	Six months ended	
	30.9.2016 HK\$'000 (Unaudited)	30.9.2015 HK\$'000 (Unaudited)
Short term benefits	6,855	6,154
Post-employment benefits	54	54
	6,909	6,208

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial asset that is measured at fair value on a recurring basis

Held-for-trading non-derivative financial asset is measured at fair value at 30 September 2016. The following table gives information about how the fair value of this financial asset is determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurement is categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurement is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial asset	Fair value as at 30 September 2016 HK\$'000 (Unaudited)	Fair value as at 31 March 2016 HK\$'000 (Audited)	Fair value hierarchy	Valuation technique and key input
Held-for-trading non-derivative financial assets	Listed equity securities in Hong Kong: 5,484	Listed equity securities in Hong Kong: 11,961	Level 1	Quoted bid prices in an active market

There is no transfer between the different levels of the fair value hierarchy during the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

22. PERFORMANCE BONDS AND CONTINGENT LIABILITY

Certain customers of construction contracts undertaken by the Group require the group entities to issue guarantees for the performance of contract works in the form of performance bonds and secured either by other deposits and pledged bank deposits (notes 13 and 15). The performance bonds are released when the construction contracts are completed or substantially completed.

At the end of each reporting period, the Group had outstanding performance bonds as follows:

	30.9.2016 HK\$'000 (Unaudited)	31.3.2016 HK\$'000 (Audited)
Issued by the Group's banks	14,794	14,937
Issued by an insurance institution	3,370	3,370
	18,164	18,307