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(incorporated in the Cayman Islands with limited liability)

(Stock code: 2663)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2018**

FINANCIAL HIGHLIGHTS

	Year ended 31 March	
	2018	2017
	HK\$ million	HK\$ million
Revenue	378.4	381.4
Gross profit	74.0	69.1
Gross profit margin	19.5%	18.1%
Profit for the year	26.2	31.0
Add: Professional fees incurred for the Transfer of Listing	2.8	—
Profit for the year on a normalised basis	29.0	31.0
Net profit margin on a normalised basis	7.7%	8.1%
As at 31 March		
	2018	2017
	HK\$ million	HK\$ million
Total assets	<u>270.9</u>	<u>248.7</u>
Total equity	<u>171.5</u>	<u>154.8</u>
Gearing ratio	<u>10.8%</u>	<u>13.2%</u>

The board (the “**Board**”) of directors (the “**Directors**”) of KPa-BM Holdings Limited (the “**Company**”) is pleased to announce the annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2018, together with the comparative figures for the year ended 31 March 2017, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 March	
		2018	2017
	Notes	HK\$'000	HK\$'000
Revenue	5	378,433	381,394
Cost of revenue		<u>(304,483)</u>	<u>(312,282)</u>
Gross profit		73,950	69,112
Other income and gains		2,723	166
Marketing and distribution expenses		(3,353)	(1,997)
Administrative and other operating expenses		(39,338)	(28,147)
Finance costs		<u>(1,476)</u>	<u>(1,358)</u>
Profit before income tax	6	32,506	37,776
Income tax expense	7	<u>(6,286)</u>	<u>(6,812)</u>
Profit for the year		<u>26,220</u>	<u>30,964</u>
Other comprehensive income for the year			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising from translation of foreign operations		116	(106)
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation gain on self-occupied properties		<u>—</u>	<u>15,646</u>
Other comprehensive income for the year		<u>116</u>	<u>15,540</u>
Total comprehensive income for the year		<u>26,336</u>	<u>46,504</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic and diluted earnings per share	9	<u>4.37</u>	<u>5.16</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March	
		2018	2017
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		5,892	7,259
Investment properties		21,100	21,100
Pledged deposits	10	1,500	3,700
Deferred tax assets		89	69
		28,581	32,128
Current assets			
Inventories		1,875	2,606
Amounts due from customers for contract works		69,015	58,748
Trade and other receivables, deposits and prepayments	11	107,091	101,404
Tax recoverable		1,544	934
Pledged deposits	10	2,200	—
Pledged bank deposits	12	19,218	16,209
Cash and bank balances		41,401	36,679
		242,344	216,580
Current liabilities			
Amounts due to customers for contract works		7,788	4,096
Trade and other payables	13	69,699	67,891
Tax payable		2,793	579
Bank borrowings	14	18,054	19,857
Obligations under finance leases		153	149
		98,487	92,572
Net current assets		143,857	124,008
Total assets less current liabilities		172,438	156,136

	As at 31 March	
	2018	2017
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Obligations under finance leases	263	416
Deferred tax liabilities	<u>634</u>	<u>915</u>
	<u>897</u>	<u>1,331</u>
Net assets	<u><u>171,541</u></u>	<u><u>154,805</u></u>
CAPITAL AND RESERVES		
Share capital	6,000	6,000
Reserves	<u>165,541</u>	<u>148,805</u>
Total equity	<u><u>171,541</u></u>	<u><u>154,805</u></u>

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as an exempted company in the Cayman Islands with limited liability on 15 May 2015. The shares of the Company were listed (the “**Listing**”) on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 October 2015 (the “**Listing Date**”) and were transferred to the Main Board of the Stock Exchange with effect on 24 October 2017 (the “**Transfer of Listing**”). The address of its registered office is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at 1907–1915, The Octagon, 6 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong.

The Group is principally engaged in (i) provision of structural engineering works; (ii) supply and installation of building material products; and (iii) trading of building material products.

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

The financial statements for the year ended 31 March 2018 were approved and authorised for issue by the Directors on 14 June 2018.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

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

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

3. ADOPTION OF NEW OR REVISED HKFRSs

(a) Adoption of new or revised HKFRSs effective on 1 April 2017

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 April 2017.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Asset for Unrealised Losses

Amendments to HKAS 7 *Disclosure Initiative*

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented in the notes to the financial statements.

Amendments to HKAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on the financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

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

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²
Amendments to HKAS 40	Transfers of Investment Property ¹
Amendments to HKFRS 9	Payment Features with Negative Compensation ²
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15) ¹
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3 Business Combinations, HKAS 12 Income Taxes and HKAS 23 Borrowing Costs ²
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

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

4. SEGMENT INFORMATION

(a) Operating segment information

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker, i.e. executive Directors of the Company who are used to make strategic decisions.

The business of the Group had previously been managed under two separate business segments, namely structural engineering works and trading of building material products. Having reassessed the business and operational information that is periodically available to management, the executive Directors determined that the nature of certain of the Group's business previously classified under structural engineering works segment is warranted to be and identifiable as a separate business segment. Such refinement in business segment reporting is beneficial for the management to monitor and assess the Group's performance and to formulate business strategies accordingly. As a result of this change in reportable segments during the year, for the purposes of disclosing segment information in the financial statements, a new reportable segment "Supply and installation of building material products" is identified. Certain comparative figures in the segment information for the year ended 31 March 2017 have been restated to conform to current year's presentation.

The following summary describes the operations in each of the Group's reportable operating segments:

Structural Engineering Works	—	This segment mainly engages in provision of structural engineering works for the public and private sectors in Hong Kong and the Group mainly acts as a subcontractor.
Supply and Installation of Building Material Products	—	This segment engages in supply of building material products with installation services provided in Hong Kong. In some circumstances, the Group designs and supplies building material products without providing installation works.
Trading of Building Material Products	—	This segment engages in sales of building material products in Hong Kong, the People's Republic of China (the "PRC") (other than Hong Kong) and overseas.

Revenue and costs/expenses are allocated to the operating segments with reference to sales generated by those segments and the costs/expenses incurred by those segments. Corporate income and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit or loss that is used by the chief operating decision-maker for assessment of segment performance.

Segment assets include all assets with the exception of tax assets and corporate assets, including pledged bank deposits, cash and bank balances, investment properties and other assets that are not directly attributable to the business activities of the operating segments as these assets are managed on a group basis.

Information of the operating segments of the Group reported to the chief operating decision-maker for the purposes of resources allocation and performance assessment does not include liabilities. Accordingly, no information of segment liabilities is presented.

Segment results, segment assets and other segment information

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

	Structural Engineering Works <i>HK\$'000</i>	Supply and Installation of Building Material Products <i>HK\$'000</i>	Trading of Building Material Products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2018				
<i>Segment revenue</i>				
Sales to external customers	336,135	21,502	20,796	378,433
Intersegment sales	<u>—</u>	<u>—</u>	<u>1,525</u>	<u>1,525</u>
	<u>336,135</u>	<u>21,502</u>	<u>22,321</u>	<u>379,958</u>
Elimination of intersegment sales				<u>(1,525)</u>
				<u>378,433</u>
<i>Segment profit</i>	<u>55,385</u>	<u>8,149</u>	<u>8,183</u>	71,717
Corporate and unallocated income				1,019
Corporate and unallocated expenses				
— Marketing and distribution expenses				(540)
— Administrative and other operating expenses*				(38,380)
— Finance costs				<u>(1,310)</u>
Profit before income tax				<u>32,506</u>

	Structural Engineering Works <i>HK\$'000</i> (Restated)	Supply and Installation of Building Material Products <i>HK\$'000</i> (Restated)	Trading of Building Material Products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2017				
Segment revenue				
Sales to external customers	349,204	20,756	11,434	381,394
Intersegment sales	<u>—</u>	<u>—</u>	<u>3,933</u>	<u>3,933</u>
	<u>349,204</u>	<u>20,756</u>	<u>15,367</u>	385,327
Elimination of intersegment sales				<u>(3,933)</u>
				<u>381,394</u>
Segment profit	<u>53,413</u>	<u>9,782</u>	<u>4,667</u>	67,862
Corporate and unallocated income				166
Corporate and unallocated expenses				
— Marketing and distribution expenses				(836)
— Administrative and other operating expenses*				(28,058)
— Finance costs				<u>(1,358)</u>
Profit before income tax				<u>37,776</u>

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

	Structural Engineering Works HK\$'000	Supply and Installation of Building Material Products HK\$'000	Trading of Building Material Products HK\$'000	Total HK\$'000
As at 31 March 2018				
<i>Segment assets</i>	<u>172,359</u>	<u>5,837</u>	<u>2,593</u>	180,789
Property, plant and equipment				4,563
Investment properties				21,100
Tax assets				1,633
Pledged bank deposits				19,218
Cash and bank balances				41,401
Other corporate assets				<u>2,221</u>
Total consolidated assets				<u><u>270,925</u></u>
	Structural Engineering Works (Restated) HK\$'000	Supply and Installation of Building Material Products (Restated) HK\$'000	Trading of Building Material Products HK\$'000	Total HK\$'000
As at 31 March 2017				
<i>Segment assets</i>	<u>157,323</u>	<u>3,559</u>	<u>3,370</u>	164,252
Property, plant and equipment				5,575
Investment properties				21,100
Tax assets				1,003
Pledged bank deposits				16,209
Cash and bank balances				36,679
Other corporate assets				<u>3,890</u>
Total consolidated assets				<u><u>248,708</u></u>

	Structural Engineering Works HK\$'000	Supply and Installation of Building Material Products HK\$'000	Trading of Building Material Products HK\$'000	Corporate/ Unallocated HK\$'000	Total HK\$'000
Year ended 31 March 2018					
Other information					
Interest income	534	—	—	42	576
Interest expense	166	—	—	1,310	1,476
Depreciation	355	—	—	1,369	1,724
(Reversal of impairment loss)/					
Impairment loss on inventories	—	(7)	141	—	134
Impairment loss on receivables	552	49	—	—	601
Write back of payables	1,710	—	—	—	1,710
Additions to specified non-current assets ^{#^}	—	—	—	363	363

	Structural Engineering Works HK\$'000 (Restated)	Supply and Installation of Building Material Products HK\$'000 (Restated)	Trading of Building Material Products HK\$'000	Corporate/ Unallocated HK\$'000	Total HK\$'000
Year ended 31 March 2017					
Other information					
Interest income	—	—	—	84	84
Interest expense	—	—	—	1,358	1,358
Depreciation	89	—	—	1,390	1,479
Impairment loss on inventories	—	44	6	—	50
Additions to specified non-current assets ^{#^}	1,773	—	—	2,899	4,672

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

[^] Additions to specified non-current assets exclude those transfer among the specified non-current assets

(b) Geographical segment information

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

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

	Year ended 31 March	
	2018 HK\$'000	2017 HK\$'000
Hong Kong	372,393	380,067
Macau	6,040	873
United Kingdom	—	429
Others	—	25
	<u>378,433</u>	<u>381,394</u>

All of the Group's specified non-current assets amounting to HK\$26,992,000 as at 31 March 2018 (2017: HK\$28,359,000) are located in Hong Kong.

(c) **Information about major customers**

Revenue from major customers, each of them accounted for 10% or more of the Group's revenue, are set out below:

	Year ended 31 March	
	2018 HK\$'000	2017 HK\$'000
Customer A	106,239	140,110
Customer B	79,835	N/A
Customer C	<u>57,857</u>	<u>N/A</u>

N/A: not applicable as revenue generated from the customer is less than 10% of the Group's revenue.

Revenue from Customer A was generated by all three operating segments. Revenue from Customer B was generated by Structural Engineering Works whereas revenue from Customer C was generated by Structural Engineering Works and Supply and Installation of Building Material Products.

5. REVENUE

The Group is principally engaged in (i) provision of structural engineering works; (ii) supply and installation of building material products; and (iii) trading of building material products. Revenue derived from these principal activities comprises the followings:

	Year ended 31 March	
	2018 HK\$'000	2017 HK\$'000
Revenue from rendering structural engineering works and supply and installation of building material products	357,637	369,960
Revenue from trading of building material products	<u>20,796</u>	<u>11,434</u>
	<u>378,433</u>	<u>381,394</u>

6. PROFIT BEFORE INCOME TAX

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

	Year ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
Auditor's remuneration (<i>note (a)</i>)	731	605
Reversal of provision for impairment of receivables, net	(39)	—
Write off of receivables	640	—
Cost of inventories recognised as expense		
— Carrying amount of inventories consumed	119,155	122,599
— Allowance for inventories	117	40
— Write-off of inventories	17	10
	<u>119,289</u>	<u>122,649</u>
Depreciation in respect of:		
— Owned assets	1,563	1,317
— Leased assets	161	162
	<u>1,724</u>	<u>1,479</u>
Employee costs (including Directors' emoluments)		
— Salaries, allowances and other benefits	43,070	44,174
— Contribution to defined contribution retirement plans (<i>note (b)</i>)	2,026	2,143
	<u>45,096</u>	<u>46,317</u>
Exchange loss/(gain), net*	480	(276)
Operating lease charges in respect of:		
— Land and buildings	3,670	2,624
— Office equipment	244	224
	<u>244</u>	<u>224</u>

* Included in "Administrative and other operating expenses"

Notes:

- (a) Auditor's remuneration included remuneration paid/payable for audit service of HK\$650,000 (2017: HK\$605,000) and non-audit services of HK\$81,000 (2017: nil).
- (b) In respect of the Group's contribution to defined contribution retirement plans, no contribution is available for reducing the Group's existing level of contribution for the year ended 31 March 2018 (2017: nil).

7. INCOME TAX EXPENSE

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

	Year ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
Current tax for the year		
— Hong Kong Profits Tax	6,375	5,989
— Other regions of the PRC — Enterprise Income Tax (“EIT”)	—	—
Over-provision in respect of prior years	<u>212</u>	<u>(23)</u>
	6,587	5,966
Deferred tax	<u>(301)</u>	<u>846</u>
	<u>6,286</u>	<u>6,812</u>

Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) on the estimated assessable profits for the year.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax regime, the first HK\$2 million of profits of qualifying entities will be taxed at 8.25% whereas profits above HK\$2 million will be taxed at 16.5%. The profits of entities not qualifying for the two-tiered tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime will be applicable to a nominated qualifying entity in the Group for its annual reporting periods beginning on or after 1 April 2018.

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

8. DIVIDENDS

(a) Dividends payable to owners of the Company attributable to the year

	Year ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
Proposed final dividend — HK1.6 cents (2017: HK1.6 cents) per ordinary share	<u>9,600</u>	<u>9,600</u>

The final dividend in respect of the financial year ended 31 March 2018 of HK1.6 cents (2017: HK1.6 cents) per ordinary share, amounting to HK\$9,600,000 (2017: HK\$9,600,000) has been proposed by the Directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

The final dividend declared subsequent to 31 March 2018 has not been recognised as a liability as at 31 March 2018.

- (b) Dividends payable to owners of the Company attributable to the previous financial year, approved and paid during the year

	Year ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
Final dividend in respect of previous financial year, approved and paid during the year of HK1.6 cents (2017: HK1.5 cents) per ordinary share	<u>9,600</u>	<u>9,000</u>

9. EARNINGS PER SHARE

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

	Year ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
Earnings		
Profit for the year attributable to owners of the Company	<u>26,220</u>	<u>30,964</u>
	2018	2017
	'000	'000
Weighted average number of ordinary shares in issue		
Weighted average number of ordinary shares in issue during the year	<u>600,000</u>	<u>600,000</u>

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

10. PLEDGED DEPOSITS

Balances as at 31 March 2018 of HK\$3,700,000 (31 March 2017: HK\$3,700,000) represent deposits placed by the Group with an insurance company as collaterals for the surety bonds issued in favour of the customers of certain construction contracts. The aggregate bond values of the surety bonds arranged by the insurance company as at 31 March 2018 were HK\$10,739,000 (31 March 2017: HK\$10,739,000). The surety bonds are required for the entire period of the relevant construction contracts in practice. Pledged deposits as at 31 March 2018 amounting to HK\$2,200,000 are expected to be released in year 2019 whereas the remaining balance of HK\$1,500,000 is expected to be released after year 2019. Pledged deposits as at 31 March 2017 were expected to be released in year 2019.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 March	
	2018	2017
	HK\$'000	HK\$'000
Trade and bills receivables	56,429	59,982
Less: Provision for impairment	<u>(621)</u>	<u>(575)</u>
Trade and bills receivables, net (<i>note (a)</i>)	<u>55,808</u>	<u>59,407</u>
Retention receivables	46,793	38,376
Less: Provision for impairment	<u>(184)</u>	<u>(269)</u>
Retention receivables, net (<i>note (b)</i>)	<u>46,609</u>	<u>38,107</u>
Other receivables	2,401	1,273
Deposits	1,221	1,221
Prepayments	<u>1,052</u>	<u>1,396</u>
	<u>4,674</u>	<u>3,890</u>
	<u><u>107,091</u></u>	<u><u>101,404</u></u>

Notes:

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

	As at 31 March	
	2018	2017
	HK\$'000	HK\$'000
0–30 days	38,131	41,466
31–60 days	3,172	5,225
61–90 days	9,903	3,981
Over 90 days	<u>4,602</u>	<u>8,735</u>
	<u><u>55,808</u></u>	<u><u>59,407</u></u>

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

- (b) The terms and conditions in relation to the release of retention monies vary from contract to contract, which may be subject to practical completion of contracts, expiry of defect liability period and rectification of defects to the satisfaction of customers.

The retention receivables as of the end of the reporting period are to be settled, based on the terms and conditions in relation to the release of the retention monies by customers and taking into account the status of rectification work, as follows:

	As at 31 March	
	2018	2017
	HK\$'000	HK\$'000
On demand or within one year	17,798	18,077
After one year or more	28,811	20,030
	46,609	38,107

As at 31 March 2018, based on due date, the Group's retention receivables of approximately HK\$36,321,000 (31 March 2017: HK\$35,304,000) were not yet past due and the remaining balance of approximately HK\$10,288,000 (31 March 2017: HK\$2,803,000) were past due, of which approximately HK\$1,288,000 (31 March 2017: HK\$2,803,000) were past due for over one year.

12. PLEDGED BANK DEPOSITS

Pledged bank deposits as at 31 March 2018 amounting to HK\$19,218,000 (31 March 2017: HK\$16,209,000) are interest-bearing at fixed rates ranged from 0.01% to 1.10% (31 March 2017: 0.001% to 0.17%) per annum and have maturity period of one month to three months (31 March 2017: seven days to three months). All of the Group's pledged bank deposits are denominated in HK\$.

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

13. TRADE AND OTHER PAYABLES

	As at 31 March	
	2018	2017
	HK\$'000	HK\$'000
Trade payables	42,690	39,735
Bills payable	—	8,355
Trade and bills payables (<i>note (a)</i>)	42,690	48,090
Retention payables (<i>note (b)</i>)	16,908	11,755
Receipts in advance	263	677
Other payables, accruals and deposits received	9,838	7,369
	69,699	67,891

Notes:

- (a) For trade payables, the credit period granted by suppliers and contractors is normally 30 to 60 days. The Group's bills payable as at 31 March 2017 were subject to a tenor of up to 120 days.

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

	As at 31 March	
	2018	2017
	HK\$'000	HK\$'000
0–30 days	27,222	36,058
31–60 days	8,570	6,353
61–90 days	3,497	1,415
Over 90 days	<u>3,401</u>	<u>4,264</u>
	<u>42,690</u>	<u>48,090</u>

- (b) Based on the terms and conditions agreed in relation to the release of retention monies to subcontractors and taking into account the status of rectification work, the retention payables as at the end of the reporting period are to be settled as follows:

	As at 31 March	
	2018	2017
	HK\$'000	HK\$'000
On demand or within one year	1,619	4,306
After one year or more	<u>15,289</u>	<u>7,449</u>
	<u>16,908</u>	<u>11,755</u>

14. BANK BORROWINGS

	As at 31 March	
	2018	2017
	HK\$'000	HK\$'000
Current liabilities		
<i>Secured and interest-bearing bank borrowings</i>		
Bank overdrafts	—	718
Bank loans subject to repayment on demand clause		
— Bank loans due for repayment within one year	15,842	16,507
— Bank loans due for repayment after one year	<u>2,212</u>	<u>2,632</u>
	<u>18,054</u>	<u>19,139</u>
	<u>18,054</u>	<u>19,857</u>

Bank borrowings, including trade financing, are interest-bearing at the banks' prime rates or cost of funds or Hong Kong Inter-Bank Offered Rate or London Inter-Bank Offered Rate adjusted by certain basis points per annum. The interest rates of the Group's bank borrowings as at 31 March 2018 granted under banking facilities ranged from 3.44% to 4.92% (31 March 2017: 3.22% to 5.25%) per annum.

Included in bank borrowings as at 31 March 2018 are bank loans of HK\$2,212,000 (31 March 2017: HK\$2,632,000) that are not scheduled to repay within one year after the end of the reporting period. They are classified as current liabilities as the related loan agreements contain a clause that provides the lenders with an unconditional right to demand repayment at any time at their own discretion. None of the portion of these bank loans due for repayment after one year which contain repayment on demand clause and that are classified as current liabilities are expected to be settled within one year.

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

	As at 31 March	
	2018	2017
	HK\$'000	HK\$'000
HK\$	16,134	14,720
United States dollars	<u>1,920</u>	<u>5,137</u>
	<u>18,054</u>	<u>19,857</u>

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

- land and buildings with net carrying amount of HK\$1,543,000 as at 31 March 2018 (31 March 2017: HK\$1,596,000);
- investment properties with net carrying amount of HK\$21,100,000 as at 31 March 2018 (31 March 2017: HK\$21,100,000); and
- bank deposits of HK\$19,218,000 as at 31 March 2018 (31 March 2017: HK\$16,209,000).

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

	As at 31 March	
	2018	2017
	HK\$'000	HK\$'000
On demand or within one year	15,842	17,225
More than one year, but not exceeding two years	436	423
More than two years, but not exceeding five years	1,402	1,355
More than five years	<u>374</u>	<u>854</u>
	<u>18,054</u>	<u>19,857</u>

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

15. GUARANTEE

The Group provided guarantee in respect of the surety bonds issued in favour of the customers of the Group's certain construction contracts. The Group has unconditionally and irrecoverably agreed to indemnify the insurance company and the bank as issuers of the bonds for claims and losses they may incur in respect of the bonds. Details of these guarantees at the end of the reporting period are as follows:

	As at 31 March	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Aggregate value of the surety bonds issued in favour of customers	<u>11,824</u>	<u>10,739</u>

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

16. LITIGATIONS

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to present the annual results of the Group for the year ended 31 March 2018 (the “**Year**” or “**FY2018**”), together with the comparative figures for the corresponding year ended 31 March 2017 (the “**Previous Year**” or “**FY2017**”)

Business Activities

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

Business Review

During the Year, the Group achieved a stable performance in revenue of approximately HK\$378.4 million (FY2017: HK\$381.4 million). The following table sets forth the major projects undertaken by the Group during the Year.

Major projects undertaken by the Group during the Year	Revenue recognised during the Year <i>HK\$ million</i>	Status as at 31 March 2018	Expected completion date
Structural Steel and Roof Work in Lamma Island	94.6	Ongoing	August 2018
Noise Barrier Project in Tuen Mun	41.1	Ongoing	December 2019
Curtain Wall Project in Central	49.3	Ongoing	June 2018
Noise Barrier Project in Fu Tei	34.1	Ongoing	January 2020
Facade Project in Mongkok	17.8	Ongoing	June 2018

Future Prospects

In addition to the above major projects undertaken by the Group during the Year, the Group have the following projects with outstanding contract sum over HK\$50 million each as at 31 March 2018:

Projects with outstanding contract sum over HK\$50 million as at 31 March 2018	Status as at 31 March 2018	Expected completion date
Noise Barrier Project in Tuen Mun	Ongoing	December 2019
Noise Barrier Project in Kwun Tong	Ongoing	December 2020
Noise Barrier Project in Fu Tei	Ongoing	January 2020

As at 31 March 2018, the aggregate outstanding contract sum of the Group's ongoing projects amounted to approximately HK\$447.5 million. Subsequent to the end of FY2018 and up to the date of this announcement, the Group secured new contracts with an aggregate awarded contract sum of approximately HK\$73.4 million. Meanwhile, the Group is in the process of bidding for or pending the results of 5 sizeable project tenders with an estimated total contract value of over HK\$669.4 million.

The Group also remains vigilant on a number of large scale infrastructure projects for which tender will be launched in the foreseeable future, including various construction of bridge, noise barrier, curtain walls and roofing.

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

Financial Highlights

	Year ended 31 March		Percentage change
	2018	2017	
	HK\$'000	HK\$'000	
Revenue	378,433	381,394	(0.8)%
Cost of revenue	304,483	312,282	(2.5)%
Gross profit	73,950	69,112	7.0%
Profit before income tax	32,506	37,776	(14.0)%
Net profit	26,220	30,964	(15.3)%
Earnings per share (HK cents)	4.37	5.16	(15.3)%

	As at 31 March		Percentage
	2018	2017	change
	HK\$'000	HK\$'000	
Current assets	242,344	216,580	11.9%
Current liabilities	98,487	92,572	6.4%
Total assets	270,925	248,708	8.9%
Total equity	171,541	154,805	10.8%

	Year ended 31 March	
	2018	2017
Key Performance Indices		
Gross profit margin (%)	19.5	18.1
Net profit margin (%)	6.9	8.1
Return on equity (%)	15.3	20.0
Return on total assets (%)	9.7	12.4

	As at 31 March	
	2018	2017
Current ratio (times)	2.5	2.3
Gearing ratio (%)	10.8	13.2

Financial Review

Revenue

For the Year, the Group recorded revenue of approximately HK\$378.4 million, remained relatively stable as compared to that of approximately HK\$381.4 million for the Previous Year.

Cost of Revenue and Gross Profit

The Group's cost of revenue mainly comprised material and processing charges and subcontracting charges. For the Year, the Group's cost of revenue amounted to approximately HK\$304.5 million, representing a decrease of approximately 2.5% as compared to that of approximately HK\$312.3 million for the Previous Year.

The Group recorded gross profit of approximately HK\$74.0 million for the Year, representing an increase of approximately 7.0% as compared to that of approximately HK\$69.1 million for the Previous Year. Gross profit margin of the Group increased to approximately 19.5% for the Year from approximately 18.1% for the Previous Year. Such increase in the gross profit margin was due to the smooth negotiation process with the Group's customers in respect of the compensation for variation works and/or urgent work orders completed by the Group during the Year.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses for the Year were approximately HK\$39.3 million, representing an increase of approximately HK\$11.2 million from the Previous Year. Such increase was mainly due to the combined effect of (i) the professional fees of approximately HK\$2.8 million incurred in relation to the Transfer of Listing during the Year; (ii) increase in rent and rates of approximately HK\$1.1 million; (iii) increase in Directors' remuneration of approximately HK\$3.2 million; (iv) a charitable donation of HK\$1.0 million; and (v) the expenses of approximately HK\$0.4 million incurred in relation to the Group's 25th anniversary corporate event.

Finance Costs

For the Year, the Group's finance costs were approximately HK\$1.5 million (FY2017: HK\$1.4 million), representing an increase of approximately HK\$0.1 million or 8.7%, which was mainly due to imputed interest of retention payables for the Year while the impact was insignificant in the Previous Year.

Income Tax Expense

The Group incurred income tax expense of approximately HK\$6.3 million and HK\$6.8 million for the Year and the Previous Year, respectively, representing effective tax rate of approximately 19.3% and 18.0%, respectively. Such slight increase in effective tax rate was primarily due to the non-tax deductible professional fees incurred for the Transfer of Listing for the Year.

Profit for the Year

Due to the slight decrease in revenue together with the increase in administrative and other operating expenses as mentioned above, the Group's profit for the year decreased from approximately HK\$31.0 million for the Previous Year to approximately HK\$26.2 million for the Year, representing a decrease of approximately HK\$4.8 million or 15.3%.

After adding back the professional fees incurred for the Transfer of Listing of approximately HK\$2.8 million, which is non-recurrent in nature, the Group's normalised profit for the Year will be approximately HK\$29.0 million, representing a net profit margin of approximately 7.7%.

Dividend

On 14 June 2018, the Board recommended a final dividend of HK1.6 cents (FY2017: HK1.6 cents) per share, totalling HK\$9.6 million for the Year (FY2017: HK\$9.6 million).

Comparison of Business Objectives with Actual Business Progress

An analysis comparing the business objectives as set out in the prospectus of the Company dated 30 September 2015 (the “**Prospectus**”) with the Group’s actual business progress for the period from the Listing Date to 31 March 2018 is set out below:

Business objectives

Actual business progress up to 31 March 2018

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

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

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

Further development of the Group’s structural engineering business

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

Enhancing the Group’s design and customisation capabilities

The Group has used approximately HK\$2.5 million for recruiting 1 design manager and 8 draftsmen. The Group had arranged training and classes to relevant staff members according to their duty needs and skills.

The Group has used approximately HK\$3.9 million for setting up a new office premise to accommodate the enlarged work force and associated facilities.

Business objectives

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

Actual business progress up to 31 March 2018

In respect of the revision of the use of proceeds on 9 November 2016, the Group has (i) used approximately HK\$7.9 million for recruiting 1 project manager and 15 middle to senior level staff to cope with the business development; and (ii) acquired a crane of approximately HK\$1.8 million for operational use during the period since then and up to 31 March 2018.

Use of Proceeds

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

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

The Group had utilised approximately HK\$27.3 million of the net proceeds as at 31 March 2018. The unutilised net proceeds of approximately HK\$1.6 million have been placed as interest bearing deposits with licensed bank in Hong Kong and is intended to be applied in the manner consistent with the proposed allocations.

As at 31 March 2018, the net proceeds had been utilised as follows:

Use of proceeds	Revised use of proceeds <i>HK\$ million</i>	Utilised <i>HK\$ million</i>	Unutilised <i>HK\$ million</i>
Further expanding the Group's capacity to capture more business opportunities	8.3	8.3	—
Further development of the Group's structural engineering business	—	—	—
Enhancing the Group's design and customisation capabilities	6.4	6.4	—
General working capital	2.9	2.9	—
Expanding the Group's capacity to capture more business, developing structural engineering business and acquisition of plant and equipment for operational needs	<u>11.3</u>	<u>9.7</u>	<u>1.6</u>
	<u><u>28.9</u></u>	<u><u>27.3</u></u>	<u><u>1.6</u></u>

Liquidity, Financial Resources and Capital Structure

	As at 31 March	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current assets	242,344	216,580
Current liabilities	98,487	92,572
Current ratio (times)	<u><u>2.5</u></u>	<u><u>2.3</u></u>

The Group generally meets its working capital requirements by cash flows generated from its operations and short term borrowings. During the Year, the Group generated net cash inflow from operating activities of approximately HK\$19.6 million, together with the availability of short term bank loans and overdrafts, the Group has been financially sound in its daily operations throughout the Year.

During the Year, the Group financed its operations by its internal resources and bank facilities. As at 31 March 2018, the Group had net current assets of approximately HK\$143.9 million (31 March 2017: HK\$124.0 million). The Group's current ratio as at 31 March 2018 was approximately 2.5 times (31 March 2017: 2.3 times).

As at 31 March 2018, the Group had a total cash and bank balances of approximately HK\$41.4 million (31 March 2017: HK\$36.7 million), mainly denominated in HK\$.

As at 31 March 2018, the Group had a total available banking facilities of approximately HK\$114.5 million, of which approximately HK\$19.3 million was utilised and approximately HK\$95.2 million was unutilised and available for use.

The shares of the Company were listed on GEM of the Stock Exchange on 8 October 2015 and 150,000,000 of the Company's shares at a placing price of HK\$0.30 per share were issued on the same day. There has been no change in capital structure of the Company since the Listing Date. The listing of the Company's shares has been transferred from GEM to the Main Board of the Stock Exchange since 24 October 2017. As at 31 March 2018, the equity attributable to owners of the Company amounted to approximately HK\$171.5 million (31 March 2017: HK\$154.8 million).

Gearing Ratio

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

The Group is able to generate net cash from operating activities of approximately HK\$19.6 million for the Year to finance the net repayment of bank borrowings (excluding bank overdrafts) of approximately HK\$1.1 million. Coupled with increase in equity which is mainly attributable to the net profit generated for the Year, the gearing ratio of the Group decreased from approximately 13.2% as at 31 March 2017 to approximately 10.8% as at 31 March 2018.

Foreign Currency Exposure and Treasury Policy

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

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

Pledged of Assets

As at 31 March 2018, the Group had bank borrowings of approximately HK\$18.1 million (31 March 2017: HK\$19.9 million) and banking facilities are secured by the followings:

- land and buildings with net carrying amount of approximately HK\$1.5 million (31 March 2017: HK\$1.6 million);
- investment properties with net carrying amount of approximately HK\$21.1 million (31 March 2017: HK\$21.1 million); and
- bank deposits of approximately HK\$19.2 million (31 March 2017: HK\$16.2 million).

In addition, the Group has pledged deposits of approximately HK\$3.7 million as at 31 March 2018 (31 March 2017: HK\$3.7 million) to an insurance company as collaterals for the surety bonds issued in favour of the customers of certain construction contracts. The aggregate bond values of the surety bonds arranged by the insurance company as at 31 March 2018 were approximately HK\$10.7 million (31 March 2017: HK\$10.7 million). The surety bonds are required for the entire period of the relevant construction contracts in practice. Pledged deposits as at 31 March 2018 amounting to HK\$2,200,000 are expected to be released in year 2019 whereas the remaining balance of HK\$1,500,000 is expected to be released after year 2019.

Significant Investments

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

Material Acquisitions and Disposals

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

Contingent Liabilities

As at 31 March 2018, the Group did not have any significant contingent liabilities.

Employees and Remuneration Policies

As at 31 March 2018, the Group had 90 staff (31 March 2017: 97). The total employee benefit expenses for the Year (including Directors' emoluments, salaries to staff and other staff benefits included provident fund contributions, medical insurance coverage and other staff benefits) was approximately HK\$45.1 million (FY2017: HK\$46.3 million). The Group determines the salaries of its employees mainly based on each employee's qualifications, relevant experience, position and seniority. The Group conducts annual review on salary increment, discretionary bonuses and promotions based on the performance of each employee. During the Year, the Group has not experienced any significant

problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

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

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

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the “**Model Code**”). Upon specific enquiries made, each of the Directors confirmed he/she has complied with the Model Code throughout the Year.

Corporate Governance and Compliance with the Corporate Governance Code

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

The Company has adopted the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules (the “**CG Code**”) and has complied with the CG Code throughout the Year.

EVENTS AFTER THE YEAR

No event has occurred after 31 March 2018 and up to the date of this announcement which would have a material effect on the Group.

SUFFICIENCY OF PUBLIC FLOAT

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

MANAGEMENT CONTRACTS

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

FINAL DIVIDEND

The Board has proposed to declare a final dividend of HK1.6 cents per share, totalling HK\$9.6 million, for the year ended 31 March 2018 payable to the shareholders of the Company whose names appear on the register of members of the Company on 19 September 2018. Subject to the approval by the Company's shareholders at the forthcoming annual general meeting, the proposed final dividend is expected to be paid on or about 10 October 2018.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to attend the annual general meeting to be held on 10 September 2018 (the “AGM”), the register of members of the Company will be closed from 5 September 2018 (Wednesday) to 10 September 2018 (Monday) (both days inclusive), during which period no transfer of the shares of the Company can be registered. In order to qualify for attending the AGM, all transfer of the shares of the Company accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration by not later than 4:30 p.m. on 4 September 2018 (Tuesday).

In order to determine the entitlement to the final dividends for the year ended 31 March 2018, the register of members of the Company will be closed from 17 September 2018 (Monday) to 19 September 2018 (Wednesday) (both days inclusive), during which period no transfer of the shares of the Company can be registered. In order to qualify for the final dividends for the year ended 31 March 2018, all transfer of the shares of the Company accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration by not later than 4:30 p.m. on 14 September 2018 (Friday).

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS AND THIS ANNUAL RESULTS ANNOUNCEMENT

The audit committee of the Company (the “**Audit Committee**”) has discussed and reviewed with management this annual results announcement and the consolidated financial statements for the year ended 31 March 2018.

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

The figures in respect of the Group's consolidated statement of financial position and consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

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

Hong Kong, 14 June 2018

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

* *For identification purpose only*