F8 Enterprises (Holdings) Group Limited
F8 企業(控股)集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8347

2017
ANNUAL REPORT

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

This report, for which the directors (the "Directors") of F8 Enterprises (Holdings) Group Limited (the "Company") collectively and individually accept full responsibilities, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") of the Stock Exchange for the purpose of giving information with regard to the Company and its subsidiaries (together the "Group"). The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or this report misleading.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Fong Chun Man *(Chairman)*
Ms. Lo Pui Yee *(Vice Chairlady)*
Mr. Chan Chi Fai *(Chief Executive Officer)*

Independent non-executive Directors

Mr. Chui Chi Yun, Robert
Mr. Kwong Yuk Lap
Mr. Wang Anyuan

AUDIT COMMITTEE

Mr. Chui Chi Yun, Robert *(Chairman)*
Mr. Kwong Yuk Lap
Mr. Wang Anyuan

REMUNERATION COMMITTEE

Mr. Wang Anyuan *(Chairman)*
Mr. Chui Chi Yun, Robert
Mr. Fong Chun Man

NOMINATION COMMITTEE

Mr. Kwong Yuk Lap *(Chairman)*
Mr. Chui Chi Yun, Robert
Mr. Fong Chun Man

AUTHORISED REPRESENTATIVES

Mr. Fong Chun Man
Ms. Lo Pui Yee

COMPLIANCE OFFICER

Mr. Fong Chun Man

COMPANY SECRETARY

Ms. Choi Chi Man, *HKICPA*

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat A, 9/F, Block B Billion Centre
No.1 Wang Kwong Road
Kowloon Bay, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
31st Floor, 148 Electric Road
North Point, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

COMPLIANCE ADVISER

Guotai Junan Capital Limited

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

LEGAL ADVISER

D. S. Cheung & Co.

PRINCIPAL BANKER

The Hongkong and Shanghai Banking
Corporation Limited

COMPANY WEBSITE

www.f8.com.hk

CHAIRMAN'S STATEMENT

To our Shareholders,

On behalf of the board of Directors (the "Board") of F8 Enterprises (Holdings) Group Limited (the "Company"), I am pleased to present the annual audited financial statements of the Company and its subsidiaries (together referred to as the "Group") for the year ended 31 March 2017.

We believe that up to the date of this report, there was no significant change in the market as disclosed in the section headed "Industry Overview" in the prospectus of the Company dated 29 March 2017 (the "Prospectus"). Leveraging on years of experience and competitive strengths of the Group, including (i) established diesel oil provider for the construction sector in Hong Kong; (ii) experienced management team; (iii) possession of our own fleet of diesel tank wagons; and (iv) stable relationships with our key customers and suppliers, the management team of the Group reinforced the Group's presence in Hong Kong, effectively expand the Group's customer base for marine diesel oil, and maintained a rapid growth in terms of overall sales.

The Group has recorded a revenue of approximately HK$180.6 million for the year ended 31 March 2017, representing an increase of approximately HK$33.7 million or 22.9% as compared to the year ended 31 March 2016. The Group's net profit for the year was approximately HK$7.3 million, representing a decrease of 40.8% as compared with the year ended 31 March 2016.

The shares of the Company (the "Shares") were successfully listed (the "Listing") on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of placing and public offer (collectively, the "Share Offer") on 12 April 2017, which marked a significant milestone for the Group. In addition, the net proceeds raised from the Listing amounting to approximately HK$45.1 million will help the Group to implement its business strategies, which include (i) continue to expand the Group's market share in the diesel sales market in Hong Kong and enhance the Group's fleet of diesel tank wagons; (ii) expand and develop the Group's marine bunkering business; (iii) further strengthen the Group's manpower; (iv) strengthen the Group's working capital management; and (v) upgrade the Group's information technology systems. The Group believes that successful implementation of the above business strategies will help the Group to strengthen the Group's position as an established diesel oil provider for the construction sector in Hong Kong and create long-term Shareholder's value.

The above business strategies laid a solid foundation for the achievement of the profit target of the Group.

Looking forward, the Group will make steady progress in accordance with the plans formulated before its Listing and its actual operational conditions, so as to facilitate effective implementation of the business objectives of the Company and bring benefits from it.

CHAIRMAN'S STATEMENT

As at 31 March 2017, the Group had nine diesel tank wagons of various capacity to meet customers' requirement. Currently, we are negotiating with the diesel tank wagon suppliers on the enhancement of our existing fleet of diesel tank wagons and to replace our two diesel tank wagons of Euro III emission standard by two new diesel tank wagons of Euro VI emission standard and apply for these ex-gratia payments. In addition, in order to further reduce the level of nitrogen dioxide and particulates and fulfill our social responsibility, we plan to voluntarily replace our existing diesel tank wagon of Euro IV emission standard by a new diesel tank wagon of Euro VI emission standard, even though we cannot apply for the ex-gratia payments as mentioned above. In order to increase the total capacity of our fleet of diesel tank wagon, we also plan to acquire one diesel tank wagon. As confirmed by the diesel tank wagon suppliers, they can only deliver one new diesel tank wagon of Euro VI emission standard to us each month from September 2017 to December 2017. As a result, all of our fleet of diesel tank wagons as at 31 December 2017 will meet the Euro VI emission standard.

We also plan to purchase and operate our own marine diesel oil barge in order to expand our marine bunkering business. Currently, we are in discussion with the barge building company on the preliminary design and technical specifications of the marine diesel oil barge and will enter into a formal contract with the barge building company before 30 September 2017 for the design and manufacture of the marine diesel oil barge and commence application for licenses and permits requisite to the purchase of the marine diesel oil barge and the buoy.

Our Group always strives to improve its operational efficiency and profitability of its businesses. We believe that market trends of diesel sales market in Hong Kong remains optimistic mainly due to the stable and high level investment in public infrastructure including the railway network, development of marine construction projects including Central-Wanchai Bypass and Island Eastern Corridor Link and the Hong Kong International Airport's third runway project together with the recovery of logistics industry in Hong Kong, coupled with the opening of Hong Kong-Zhuhai-Macau Bridge in the future which is expected to drive up logistics companies' demand for diesel oil.

We will also proactively seek potential business opportunities that will broaden our sources of income and enhance value to the shareholders.

The Board would like to extend its sincere thanks to our shareholders, business partners and customers for their utmost support to the Group. We would also like to take this opportunity to thank all management members and staff for their hard work and dedication throughout the year.

FONG Chun Man
Chairman

Hong Kong, 23 June 2017

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally carries on the business of the sale and transportation of diesel oil and related products in Hong Kong. The Group also supplies marine diesel oil used for construction vessels and lubricant oil used for construction machinery and vehicles. Most of the Group's customers are construction companies which require diesel oil to operate their construction machinery and vehicles.

The Group's business is built on a customer-oriented culture and focuses on providing quality diesel oil with reasonable prices and timely delivery services. The Group provides consulting services to customers and customises the Group's services to suit their needs for the Group's products by recommending the specifications and optimal order quantity of diesel oil and other guidance on safety precautions and environmental protection during delivery. In order to satisfy the Group's customers' immediate or unplanned purchase demands by supplying diesel oil to customers within a short time frame and responding to customers' delivery schedule in a more flexible manner, the Group had a fleet of nine diesel tank wagons of various capacity as at 31 March 2017.

The shares of the Company (the "Shares") have been listed on the Growth Enterprises Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of placing and public offer (collectively, the "Share Offer") on 12 April 2017 (the "Listing Date"). The net proceeds received from the Share Offer have strengthened the Group's cash flow and the Group will implement its future plans and business strategies as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 29 March 2017 (the "Prospectus").

Leveraging on years of experience and competitive strengths of the Group, the Group has steadily expanded its existing network and market and recorded a revenue of approximately HK$180.6 million for the year ended 31 March 2017, representing an increase of approximately HK$33.7 million or 22.9% as compared to the year ended 31 March 2016.

Meanwhile, the Group has executed strict control on costs and expenses and achieved positive results. The Group recorded a profit attributable to the owner of the Company of approximately HK$7.3 million for the year ended 31 March 2017. The decrease was mainly due to the recognition of the listing expenses of approximately HK$7.1 million in connection with the Listing for the year ended 31 March 2017 as compared to HK$1.3 million for the year ended 31 March 2016. Excluding the one-off listing expenses, the profit attributable to the owners of the Company for the year ended 31 March 2017 would have been HK$14.4 million, representing an increase of approximately 6.1% as compared to the year ended 31 March 2016.

Principal Risks and Uncertainties

The Board believes major risk factors relevant to the Group have been disclosed in the section headed "Risk Factors" in the Prospectus.

Comparison of business objectives with actual business progress

Details of the business objectives and strategies and future development of the business of the Group are set out in the section headed "Chairman's Statement" of this report and the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Given that the Share Offer was completed after 31 March 2017, the implementation plan as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus will commence after the Group was listed on 12 April 2017.

The net proceeds from the Share Offer have not been utilised up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue is correlated with the sales quantity and the selling price of the diesel oil, marine diesel oil and lubricant oil and is determined by the customers' demand which is influenced by the macro consumer market and the worldwide economy. The selling price of the Group's products is highly correlated with the prevailing market price.

The Group's revenue increased by approximately HK$33.7 million or approximately 22.9% from approximately HK$146.9 million for the year ended 31 March 2016 to approximately HK$180.6 million for the year ended 31 March 2017.

Revenue from the sales of diesel oil, marine oil and lubricant oil accounted for approximately HK$165.7 million, HK$13.6 million and HK$1.3 million, representing approximately 91.8%, 7.5% and 0.7%, respectively, of the Group's total revenue for the year ended 31 March 2017. For the year ended 31 March 2016, the revenue from the sales of diesel oil, marine oil and lubricant oil accounted for approximately HK$145.0 million, HK$0.5 million and HK$1.4 million, representing approximately 98.7%, 0.3% and 1.0%, respectively, of the Group's total revenue. Sales of diesel oil remained the largest contributor to the Group's revenue.

The increase in the Group's revenue was primarily due to the increase in the Group's sales of diesel oil and marine diesel oil. Further analysis on the Group's financial performance are set out below.

Sales quantity

The sales quantity of diesel oil increased by approximately 24.4% from 35.3 million litres for the year ended 31 March 2016 to 43.9 million litres for the year ended 31 March 2017, primarily due to the recovery of the logistic industry and therefore more diesel oil was required from the logistics customers during the year ended 31 March 2017. As the Group has allocated more resources in the marketing of the marine oil products and successfully solicited a new customer in May 2016 that required substantial amount of marine diesel oil for transporting fill materials by its marine vessels for reclamation project during the year ended 31 March 2017, the sales quantity of marine diesel oil increased substantially from 142,000 litres for the year ended 31 March 2016 to 3.6 million litres for the year ended 31 March 2017. The sales quantity of lubricant oil remained stable at 1.4 million litres and 1.3 million litres for the two years ended 31 March 2017, respectively.

Selling price

The Group's selling price is determined based on the cost of diesel oil, marine diesel oil and lubricant oil and plus a certain mark-up margin. The Group estimates the cost based on the expected purchase price offered by the Group's suppliers and the estimated delivery cost. We determine the mark-up margin based on the prevailing market price, length of credit period offered to the customers, business relationship with customers, delivery location and delivery arrangement.

The average selling price of the Group's diesel oil decreased by approximately 7.3% from HK$4.1 per litre for the year ended 31 March 2016 to HK$3.8 per litre for the year ended 31 March 2017 whereas the average selling of the Group's marine diesel oil remained stable at HK$3.8 per litre during the two years ended 31 March 2017. The selling price of the diesel oil was adjusted downwards as a result of the decreasing trend in the prevailing market prices.

Cost of sales

Cost of sales primarily consists of diesel oil costs, marine diesel oil costs, lubricant oil costs, direct labour costs and depreciation. The purchase cost for the diesel oil, marine diesel oil costs and lubricant oil costs depends on the domestic purchase price offered by the Group's oil suppliers, with reference to the price indices such as Europe Brent spot crude price.

For the year ended 31 March 2017, the Group's cost of sales was approximately HK$155.8 million, representing an increase of 23.7% from HK$126.0 million for the year ended 31 March 2016. Such increase was mainly due to overall growth in revenue.

The largest component of the cost of sales was diesel oil cost, which amounted to approximately HK$120.5 million and HK$140.2 million, representing approximately 95.6% and 89.9% of the cost of sales for the two years ended 31 March 2017, respectively. The unit purchase cost of diesel oil decreased by 5.9% from approximately HK$3.4 per litre for the year ended 31 March 2016 to approximately HK$3.2 per litre for the year ended 31 March 2017 and the unit purchase costs of marine diesel oil decreased by 14.3% from approximately HK$3.5 per litre for the year ended 31 March 2016 to approximately HK$3.0 per litre for the year ended 31 March 2017. The decrease in unit purchase cost of diesel oil was in line with the market trend for the year ended 31 March 2017.

Marine diesel oil costs represent the purchase cost of marine diesel oil from the Group's suppliers on a back-to-back basis after the customers' orders are confirmed. For the two years ended 31 March 2017, the marine diesel oil costs were approximately HK$0.5 million and HK$11.0 million, respectively, representing approximately 0.4% and 7.1% of the cost of sales, respectively.

Lubricant oil cost represents the purchase cost of lubricant oil from the Group's suppliers. For the two years ended 31 March 2017, the lubricant oil costs were approximately HK$1.3 million and HK$1.1 million, respectively, representing approximately 1.0% and 0.7% of the cost of sales, respectively.

The direct labour costs comprise wages and benefits, including wages, bonuses, retirement benefit costs and other allowances and benefits payable to all the Group's diesel tank wagons (drivers and logistics assistants) involved in the transportation of the products from the oil depot to the customers. The direct labour costs amounted to approximately HK$2.0 million and HK$2.0 million for the two years ended 31 March 2017, respectively. The Group had 9 and 10 full-time employees (drivers and logistics assistants) responsible for the logistics support for the Group's diesel tank wagons as at 31 March 2016 and 31 March 2017, respectively.

Depreciation represented depreciation charges for the Group's equipment which mainly comprise diesel tank wagons. The depreciation amounted to approximately HK$1.3 million and HK$1.1 million for the two years ended 31 March 2017. During the year ended 31 March 2016, two diesel tank wagons were fully depreciated with depreciation charge of HK$0.2 million and this explained the decrease in depreciation charge for the year ended 31 March 2017.

Gross profit and gross profit margin

The gross profit represented the Group's revenue less cost of sales. The Group recorded an increase in gross profit by approximately HK$3.8 million or approximately 18.1% from approximately HK$21.0 million for the year ended 31 March 2016 to approximately HK$24.8 million for the year ended 31 March 2017. The Group's gross profit margin decreased slightly from 14.3% for the year ended 31 March 2016 to 13.8% for the year ended 31 March 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income

The Group's other income decreased from HK$594,000 for the year ended 31 March 2016 to HK$115,000 for the year ended 31 March 2017 mainly due to the government incentive subsidies in relation to replacement of two diesel tank wagons under ex-gratia payment scheme of HK$521,000 received during the year ended 31 March 2016 but no such replacement of diesel tank wagon occurred for the year ended 31 March 2017.

Administrative expenses

The administrative expenses mainly include administrative staff costs, rent and rate, listing expenses and others. The Group's administrative expenses increased by approximately 149.1% from approximately HK$5.3 million for the year ended 31 March 2016 to approximately HK$13.2 million for the year ended 31 March 2017, primarily due to the increase in listing expenses of approximately HK$5.9 million incurred for the preparation of the Listing for the year ended 31 March 2017 as compared to the year ended 31 March 2016.

Other operating expenses

The other operating expenses mainly include motor vehicle expenses, repair and maintenance insurance and license fee. The Group's other operating expenses increased by approximately 23.1% from approximately HK$1.3 million for the year ended 31 March 2016 to approximately HK$1.6 million for the year ended 31 March 2017 primarily due to the increase in repair and maintenance and insurance expenses for motor vehicles of approximately HK$0.3 million for the year ended 31 March 2017.

Finance costs

The finance costs mainly consist of interests on bank borrowings which were wholly repayable within five years, interest expenses on bank overdrafts, interest expenses on bills payables and interest expenses on obligations under finance leases. The Group's finance costs decreased by approximately 53.7% from approximately HK$326,000 for the year ended 31 March 2016 to HK$151,000 for the year ended 31 March 2017 which was in line with the decrease of average borrowings and bills payables of the Group during the year ended 31 March 2017.

Income tax

As all of the Group's profit are derived from Hong Kong, the Group is subject to income tax in Hong Kong and has no tax payable in other jurisdictions. The Group's income tax increased by approximately 17.4% from HK$2.3 million for the year ended 31 March 2016 to HK$2.7 million for the year ended 31 March 2017 primarily due to the increase in assessable profits for the year ended 31 March 2017. The Group's effective tax rate increased from approximately 16.0% for the year ended 31 March 2016 to approximately 26.9% for the year ended 31 March 2017 as a result of the listing expenses incurred during the periods which were not deductible for tax purpose.

Profit for the year

As a result of the foregoing, the Group's net profit for the year decreased by 40.7% from approximately HK$12.3 million for the year ended 31 March 2016 to approximately HK$7.3 million for the year ended 31 March 2017, and the Group's net profit margin decreased from approximately 8.4% to 4.0% during the same periods. The decrease in the net profit and net profit margin for the year ended 31 March 2017 was primarily due to the increase in the recognition of listing expenses during the year.

LIQUIDITY AND CAPITAL RESOURCES

Financial Resources and Liquidity

The Group finance it's operations primarily through cash generated from operating activities and interest-bearing bank borrowing, overdrafts and finance leases. The Group recorded net current assets of approximately HK$28.4 million as at 31 March 2017, compared to approximately HK$21.4 million as at 31 March 2016.

As at 31 March 2017, the Group's current assets amounted to HK$49.8 million (as at 31 March 2016: HK$33.9 million) of which HK$1.6 million (as at 31 March 2016: HK$4.9 million) was bank balances and cash, HK$48.0 million (as at 31 March 2016: HK$27.7 million) was trade and other receivables, deposits and prepayments. The Group's current liabilities amounted to HK$21.4 million (as at 31 March 2016: HK$12.5 million), including trade and other payables and accrued charges in the amount of HK$11.9 million (as at 31 March 2016: HK$3.5 million), bank borrowings and overdrafts in the amount of HK$5.1 million (as at 31 March 2016: HK$2.3 million) and tax payable in the amount of HK$3.6 million (as at 31 March 2016: HK$1.6 million). Current ratio was 2.3 (as at 31 March 2016: 2.7). Gearing ratio is calculated based on the total debt at the end of the year divided by total equity at the end of the year. Gearing ratio was 29.2% (as at 31 March 2016: 41.1%).

As at 31 March 2017, the maximum limit of the banking facilities available to the Group was amounted to HK$20.0 million. All the personal guarantee provided by the shareholder of the Company and the pledge of life insurance and property of the shareholder of the Company to secure the banking facilities and finance lease facilities granted to the Group were released after Listing.

The Group's financial position has been further enhanced by the Share Offer proceeds obtained in April 2017.

CAPITAL STRUCTURE

For the year ended 31 March 2017, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK$29.3 million. The share capital of the Group only comprises of ordinary shares.

The Shares were listed on the GEM of the Stock Exchange on the Listing Date. There has been no change in the capital structure of the Group since then.

FOREIGN CURRENCY EXPOSURE RISKS

The Group's business operations were conducted in Hong Kong. All transactions and monetary assets were denominated and settled in Hong Kong dollar. As such, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates between the currencies.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 March 2017. 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.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the year ended 31 March 2017, the Group did not have any significant investment, material acquisitions nor disposals of subsidiaries and affiliated companies save for those reorganisation activities done for the purpose of Listing as set out in the paragraph headed "Reorganisation" under the section headed "History and Development, Reorganisation and Group Structure" in the Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

Apart from the reorganisation in relation to the Listing as disclosed in the Prospectus, there were no other significant investments held, material acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 March 2017.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2017, the Group did not have any material capital commitments or any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 March 2016 and 2017, the motor vehicles with carrying amount of approximately HK$2,050,000 and HK$913,000 have been pledged to secure finance leases granted to the Group respectively.

USE OF PROCEEDS FROM THE SHARE OFFER

On the Listing Date, the Company's shares were listed on the GEM of the Stock Exchange. A total of 200,000,000 new shares with nominal value of HK$0.01 each of the Company were issued at HK$0.32 per share for a total of approximately HK$64.0 million. The net proceeds received by the Company from the Share Offer, after deduction of the underwriting commission and related expenses in connection with the Share Offer, was approximately HK$45.1 million. Since the Listing Date is after 31 March 2017, the net proceeds from the Share Offer had not been received by the Company as at 31 March 2017. The net proceeds, upon receipt by the Company after the Listing, has been deposited at a bank and such net proceeds will be applied in the manners consistent with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group engaged a total of 22 employees (2016: 16) including the Directors. For the year ended 31 March 2017, total staff costs amounted to approximately HK$3.8 million (2016: approximately HK$2.9 million). Remuneration (including employees' benefits) is maintained at an attractive level and reviewed on a periodic basis. Employees' salary and relevant benefits are determined on the basis of performance, qualification, experience, positions and the Group's business performance.

ENVIRONMENT POLICIES AND PERFORMANCE

The principal activity of the Group is governed by Hong Kong environmental laws and regulations including the Air Pollution Control Ordinance and the Water Pollution Control Ordinance in Hong Kong. These laws and regulations cover a broad range of environmental matters, including air pollution, noise and gas emissions, leakage of oil products or other hazardous substances. The Group recognises the importance of environmental protection and has implemented various environmental protection measures in order to minimise the operation impact on the environment and natural resources.

The Group will continue to monitor the business operations in order to ensure that it does not have only significant adverse effect on the environment and that the Group's environment protection measures are adequate to ensure compliance with all applicable current Hong Kong laws or regulations.

As at the date of this report, no prosecution, penalty or punishment has been imposed upon the Group for the violation of any environmental laws or regulations.

A separate environmental, social and governance report is expected to be published on the Stock Exchange's website and the Company's website no later than three months after the publication of the annual report.

EVENTS AFTER THE REPORTING PERIOD

The Company was successfully listed on the GEM of the Stock Exchange on the Listing Date and 200,000,000 ordinary shares were issued at HK$0.32 per share by way of Share Offer. Net proceeds from the Share Offer amounted to approximately HK$45.1 million (after deducting the underwriting commission and other related expenses in connection with the Share Offer).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the year ended 31 March 2017, the Group did not have any significant investment, material acquisitions nor disposals of subsidiaries and affiliated companies save for those reorganisation activities done for the purpose of the Listing as set out in the paragraph headed "Reorganisation" under the section headed "History and Development, Reorganisation and Group Structure" in the Prospectus.

CORPORATE GOVERNANCE REPORT

The Board is committed to establish and ensuring high standards of corporate governance and adopt sound corporate governance practices. The Company's corporate governance practices are based on the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 15 to the Listing Rules Governing the Listing of Securities on the Stock Exchange (the "GEM Listing Rules"). The Directors strongly believe that reasonable and sound corporate governance practices are essential for the growth of the Group and for safeguarding and enhancing shareholders' interests.

As the Shares were listed on 12 April 2017 (the "Listing Date"), the Company was not required to comply with the requirements set out in the CG Code for the year ended 31 March 2017. However, the Directors consider that since the Listing Date and up to the date of this report, the Company has complied with all the applicable code provisions set out in the CG Code.

BOARD OF DIRECTORS

The key responsibilities of the Board include formulation of the Group's overall strategies, the setting of management targets and supervision of management performance. The management is delegated with the authority and responsibility by the Board for the management and administration of the Group. In addition, the Board has also delegated various responsibilities to the board committees of the Company. Further details of the board committees of the Company are set out below in this report.

The Board is entrusted with the overall responsibility for promoting the success of the Group by the direction and supervision of the Group's business and affairs and the ultimate responsibility for day to day management of the Group which is delegated to the management. To this end, monthly financial and operational information are provided to the Board for assessing the performance of the Company and its subsidiaries. For significant matters that are specifically delegated by the Board, the management must report back to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

The Board is responsible for, among others, performing the corporate governance duties as set out in the code provision D.3.1 of the CG Code, which include:

(a) to develop and review our Group's policies and practices on corporate governance and make recommendations;

(b) to review and monitor the training and continuous professional development of the Directors and senior management;

(c) review and monitor our Group's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees; and

(e) to review our Group's compliance with the CG Code and disclosure in the corporate governance report.

CORPORATE GOVERNANCE REPORT

Board Composition

Up to the date of this report, the Board comprised six Directors, of whom three are executive Directors and three are independent non-executive Directors. Details of their composition by category are as follows:

Executive Directors

Mr. Fong Chun Man *(Chairman)* (appointed on 23 March 2017)
Ms. Lo Pui Yee (appointed on 23 March 2017)
Mr. Chan Chi Fai (appointed on 23 March 2017)

Independent Non-executive Directors

Mr. Chui Chi Yun, Robert (appointed on 23 March 2017)
Mr. Kwong Yuk Lap (appointed on 23 March 2017)
Mr. Wang Anyuan (appointed on 23 March 2017)

All Directors have appropriate professional qualification or substantive experience and industry knowledge. The Board as a whole has achieved an appropriate balance of skills and experience. The composition of the Board is in accordance with the requirement of Rules 5.05 and 5.05A of the GEM Listing Rules. There are three independent non-executive Directors and one of them has accounting professional qualification. More than one-third of the members of the Board are independent non-executive Directors, which brings a fairly strong independence element in its composition.

The participation of independent non-executive Directors in the Board brings a diverse range of expertise, skills and independent judgment on issues relating to the Group's strategies, performance, conflicts of interests and management process to ensure that the interests of all shareholders of the Company have been duly considered.

The details of Directors are set out in the section headed "Biographies of Board of Directors and Senior Management" on pages 32 to 35 of this report. Other than that Ms Lo Pui Yee who is the wife of Mr. Fong Chun Man, there are no family or other material relationships among members of the Board.

The Company is governed by the Board which has the responsibility for leadership and monitoring of the Company. The Directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs.

The Board sets strategies and directions for the Group's activities with a view to developing its business and enhancing shareholders' value. The Board has delegated the daily operation and day-to-day management of the Group as well as the implementation of the Board's policies and strategies to the executive Directors and management of the Group.

Number of Meetings and Directors' Attendance

The Board has established three committees, including the audit committee (the "Audit Committee"), remuneration committee (the "Remuneration Committee") and nomination committee (the "Nomination Committee"), on 23 March 2017 with delegated powers for overseeing particular aspects of the Company's affair. Each of the committees of the Company has been established with written terms of reference.

As the Company was listed on 12 April 2017, the Board Committees did not convene any meeting during the year ended 31 March 2017.

The Board will conduct at least four regular meetings a year. The Directors can attend meetings in person or through other means of electronic communication in accordance with the Company's articles of association (the "Articles"). The Chairman also meets with the independent non-executive Directors at least once a year without the presence of the executive Directors. Notices and agendas of regular Board meetings are served to all Directors at least 14 days before convening the Board meeting. For all other Board and committee meetings, reasonable notice is generally given. All other schedules and the relevant information of each Board and committee meeting are generally made available to Directors or committee members at least three days in advance. The Board and each Director also have separate and independent access to the Management whenever necessary.

During the period from the Listing Date to the date of this report, the Company held one Board meeting, one Audit Committee meeting, one Remuneration Committee and one Nomination Committee meeting. All minutes of the Board meetings and meetings of Board committees were recorded in sufficient detail of the matters considered by the Board and the decisions reached. Details of the attendance of Directors are as follows:

	Attendance/Number of meetings			
Name of Directors	Board Meeting	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors:				
Mr. Fong Chun Man *(Chairman)*	1/1	–	1/1	1/1
Ms. Lo Pui Yee	0/1	–	–	–
Mr. Chan Chi Fai	1/1	–	–	–
Independent Non-executive Directors:				
Mr. Chui Chi Yun, Robert	1/1	1/1	1/1	1/1
Mr. Kwong Yuk Lap	1/1	1/1	–	1/1
Mr. Wang Anyuan	1/1	1/1	1/1	–

The company secretary of the Company ("Company Secretary") attended all the scheduled Board meetings to report matters arising from corporate governance, risk management, statutory compliance, accounting and finance.

Practice and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance. At least 14 days' notice should be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are generally given.

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are duly kept by the Company Secretary at the meetings and open for inspection by the Directors.

The Articles contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or Audit Committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions.

Appointment and Re-election of Directors

The Articles provide that at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation and that every Director shall be subject to retirement at an annual general meeting at least once every three years.

The non-executive Directors should be appointed for a specific term and subject to re-election. Each of the non-executive Director and independent non-executive Directors has entered into an appointment letter with the Company. The appointment letter of each of the non-executive Director and independent non-executive Directors is for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other. The aforesaid appointment letters are subject to termination provisions therein and the retirement and re-election provisions in the Articles. Details of the appointment letters are summarised in the Report of the Board of Directors on page 30 of this report.

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

To assist Directors' continuing professional development, the Company recommends Directors to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Up to the date of this report, all Directors have participated in continuous professional development by attending training course or reading relevant materials on the topics related to corporate governance and regulations. Records of the training received by the respective Directors are kept and updated by the Company Secretary of the Company.

Independent Non-executive Directors

Mr. Chui Chi Yun, Robert, Mr. Kwong Yuk Lap and Mr. Wang Anyuan were appointed as the independent non-executive Directors with effect from 23 March 2017.

The independent non-executive Directors are experienced professionals with expertise in respective areas of accounting, finance, industry knowledge and expertise. With their professional knowledge and experience, the independent non-executive Directors serve an important function of advising the senior management on strategy development and ensure that the Board maintains high standards in financial and other mandatory reporting as well as providing adequate checks and balances for safeguarding the interests of the shareholders and the Company as a whole; and participate in the Company's various committees including Audit Committee, Remuneration Committee and Nomination Committee.

The Company has received from each of its independent non-executive Directors the written confirmation of his independence. The Company considers the independent non-executive Directors to be independent in accordance with Rule 5.09 of the GEM Listing Rules.

Chairman and Chief Executive Officer

Mr. Fong Chun Man was appointed as the Chairman of the Board and an executive Director of the Company on 23 March 2017. Mr. Chan Chi Fai was appointed as the Chief Executive Officer and an executive Director of the Company on 23 March 2017.

The Chairman of the Board provides leadership to the Board and is also responsible for the effective functioning of the Board in accordance with good corporate governance practice and is responsible for the overall corporate management of the business development strategies of the Group. The Chief Executive Officer is responsible for the implementation of the business strategies, policies and objectives set out by the Board and is accountable to the Board for the overall operations of the Group. These functions and responsibilities are current being shared by the management team.

BOARD COMMITTEE

Audit Committee

The Company established the Audit Committee on 23 March 2017 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The full terms of reference setting out details of the authority, duties and responsibilities of the Audit Committee is available on both the GEM website and the Company's website.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Chui Chi Yun, Robert, Mr. Kwong Yuk Lap and Mr. Wang Anyuan meanwhile Mr. Chui Chi Yun, Robert, is the Chairman of the Audit Committee.

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the Company's internal control and risk management system, overseeing the balance, transparency and integrity of the Company's financial statements and the application of financial reporting principles, reviewing the relationship with the external auditor and its independence assessment and the adequacy of resources, qualifications and experience of the Company's accounting staff, their training programs and budget.

The Audit Committee is satisfied with their review of the auditors' remuneration, the independence of the auditors, HLB Hodgson Impey Cheng Limited (the "HLB"), and recommended the Board to re-appoint HLB as the Company's auditors in the year ending 31 March 2018, which is subject to the approval of shareholders at the forthcoming AGM. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 March 2017.

According to the current terms of reference, meetings of the Audit Committee shall be held not less than twice a year and the external auditor may request a meeting if they consider that one is necessary.

Details of the number of Audit Committee meetings held and Directors attendance are set out in the section headed "Number of Meetings and Directors' Attendance" on page 14 in this report.

Remuneration Committee

The Company established the Remuneration Committee on 23 March 2017 in compliance with Appendix 15 of the GEM Listing Rules, which comprised three independent non-executive Directors, namely Mr. Wang Anyuan, Mr. Chui Chi Yun, Robert and Mr. Fong Chun Man. Mr. Wang Anyuan is the Chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group, review and approve the management's remuneration proposals, and ensure none of the Directors determine their own remuneration. The full terms of reference setting out details of duties of the Remuneration Committee is available on both the GEM website and the Company's website.

The Remuneration Committee determines Directors' remuneration by reference to the benchmarking of the market. The Company also looks into individual Director's competence, duties, responsibilities, performance and the results of the Group in determining the exact level of remuneration for each Director.

Pursuant to the terms of reference of the Remuneration Committee, meeting shall be held at least once a year and additional meetings should be held if the committee shall so request.

Details of the number of Remuneration Committee meeting held and Directors attendance are set out in the section headed "Number of Meetings and Directors' Attendance" on page 14 in this report.

Senior Management's remuneration

Senior Management's remuneration payment of the Group for the year ended 31 March 2017 falls within the following bands:

HK$	Number of individuals
Nil to HK$1,000,000	1

Details of the remuneration of the Directors and the five highest paid individuals are set out in notes 13 and 14 to the consolidated financial statements.

Remuneration policy

The remuneration policy of the Group for the Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the performance of the Group and the individual performance of the Directors and senior management members.

Nomination Committee

The Company established the Nomination Committee on 23 March 2017 which comprised three independent non-executive Directors, namely Mr. Kwong Yuk Lap, Mr. Chui Chi Yun, Robert and Mr. Fong Chun Man. Mr. Kwong Yuk Lap is the Chairman of the Nomination Committee.

The primary function of the Nomination Committee is to review the structure, size and composition of the Board on regular basis; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors; and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors. The full terms of reference setting out details of the authority, duties and responsibilities of the Nomination Committee is available on both the GEM website and the Company's website.

Pursuant to the terms of reference of the Nomination Committee, meeting shall be held at least once a year and additional meetings should be held if the committee shall so request.

The Nomination Committee has reviewed the structure, size and composition of the Board and the Policy as well as discussing matters regarding the retirement and re-election of Directors.

Details of the number of Nomination Committee meeting held and Directors attendance are set out in the section headed "Number of Meetings and Directors' Attendance" on page 14 in this report.

ACCOUNTABILITY AND AUDIT

Directors' and auditor's responsibilities for the consolidated financial statements

All Directors understand and acknowledge their responsibility for ensuring that the Group's consolidated financial statements for each financial year are prepared to give a true and fair view of the state of affairs, the financial results and cash flows of the Group in accordance with the disclosure requirements of the Hong Kong Companies Ordinance. In preparing the consolidated financial statements for the year ended 31 March 2017, the Board has adopted appropriate and consistent accounting policies and made prudent, fair and reasonable judgments and estimates. The Directors are responsible for maintaining proper accounting records which reflect with reasonable accuracy the state of affairs, operating results, cash flows and equity movement of the Group at any time. The Directors confirm that the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards.

The Directors also confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report.

The reporting responsibilities of the Company's auditor, are set out in the Independent Auditor's Report on pages 36 to 39 of this report.

AUDITOR'S REMUNERATION

During the year ended 31 March 2017, the remuneration for the audit and non-audit services provided by the Company's auditor to the Group was as follows:

Services rendered	HK$
Annual audit service for the year ended 31 March 2017	600,000
Audit and reporting accountant services relating to the Listing	1,800,000
Total	2,400,000

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of the directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc.

The Directors will review the Group's corporate governance policies and compliance with the CG Code each financial year and comply with the "comply or explain" principle in our corporate governance report which will be included in our annual reports upon the Listing.

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy in accordance with the requirement as set out in the CG Code, which is summarised as below:

The Policy of the Company specifies that in designing the composition the Board, Board diversity shall be considered from a number of aspects, including but not limited to age, cultural and educational background, professional experience, skills and knowledge. All Board members' appointment will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board. Selection of candidates for the Board will be based on a range of diversity perspectives, including but not limited to gender, age, culture, ethnicity and educational background, professional experience, knowledge and skills.

The Nomination Committee will disclose the composition of the Board in Corporate Governance Report every year and supervise the implementation of the Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct ("Code of Conduct") regarding securities transactions by the Directors. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the Code of Conduct throughout the year ended 31 March 2017 and up to the date of this report.

COMMUNICATION WITH SHAREHOLDERS

The Company endeavors to maintain an on-going dialogue with the shareholders and in particular, through annual general meetings or other general meetings to communicate with the shareholders and encourage their participation.

The Company will ensure that there are separate resolutions for separate issues proposed at the general meetings. All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the GEM Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each shareholder meeting.

The Company will continue to maintain an open and effective investor communication policy and to update investors on relevant information on the Group's business in a timely manner, subject to relevant regulatory requirements.

Significant Changes in the Constitutional Documents

During the Listing Date to the date of this report, there has been no significant changes in the constitutional documents of the Company. The Articles are available on the websites of the Stock Exchange and the Company.

General Meetings with Shareholders

The Company's annual general meeting will be held on 8 August 2017.

SHAREHOLDERS' RIGHTS

(a) Convening of an extraordinary general meeting on requisition by shareholders

Pursuant to Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. Shareholders also have the right to propose a person for election as a Director, the procedures are available on the websites of the Company and the Stock Exchange.

(b) Procedures for putting forward proposals at shareholders' meetings

Shareholders are welcomed to put forward proposals relating to the operations and management of the Group to be discussed at shareholders' meetings. The proposals shall be sent to the company secretary of the Company by a written requisition. Shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures set out in "Convening of an extraordinary general meeting on requisition by shareholders" above.

(c) Enquiries to the Board

Shareholders may put forward enquiries to the Board to the extent such information is publicly available to the Company Secretary who is responsible for forwarding communications relating to matters within the Board and communication relating to ordinary business matters, such as suggestions, inquiries and consumer complaints, to the chief executive officer, in writing to the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the enquiries.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public. The Company updates its shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports. The corporate website of the Company (http://www.f8.com.hk) has provided an effective communication platform to the public and the shareholders.

COMPANY SECRETARY

Ms. Choi Chi Man, our Company Secretary, is responsible for advising the Board on corporate governance matters and ensuring that the Board policy and procedures, and the applicable laws, rules and regulations are followed. All Directors have access to the advice and services of the Company Secretary to ensure that the Board procedures and all applicable laws are followed. Moreover, the Company Secretary is responsible for facilitating communications among Directors as well as with management.

During the year ended 31 March 2017, the Company Secretary has undertaken more than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibilities for establishing and maintaining appropriate and effective risk management and internal control systems of the Group. The Group's systems of risk management and internal control include a defined management structure with limits of authority, is designed to help achieve business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

An organisational structure with operating policies and procedures, lines of responsibility and delegated authority has been established. The division/department head of each core business segment is accountable for the conduct and performance of such segment within the agreed strategies, which are set by themselves and the Board together, and reports directly to the Board.

In the course of conducting the business of the Group, it is exposed to various types of risks. During the year ended 31 March 2017, the following principal risks of the Group were identified and classified into strategic risks, operational risks, financial risks and compliance risks.

Risk Areas	Principal Risks
Strategic Risks	Sensitivity to government policies; keeping up with new technologies and customers' taste; market competition risk, reputation risk
Operational Risks	Insufficient labour supply; workplace injury; disruption of IT system
Financial Risks	Liquidity risk, credit risk, interest rate risk, foreign exchange risk, inflation risk
Compliance Risks	Risk related to occupation safety and health; risk of non-compliance with ordinances related to employment; change of listing rules and relevant company regulations and ordinances

The Board is ultimately responsible for the risk management of the Group and it has delegated to executive management to carry out the risk identification and monitoring procedures. The objectives of the risk management are to enhance the governance and corporate management processes as well as to safeguard the Group against unacceptable levels of risks and losses.

The risk management process of the Group will involve, among others, (i) an annual risk identification and analysis exercise which involves assessment of the consequence and likelihood of risks and the development of risk management plans for mitigating such risks; and (ii) an annual review of the implementation of the risk management plans and fine tuning of the implementation plan when necessary.

During the period from Listing Date to the date of this report, the Board, through the Audit Committee, has conducted review of both design and implementation effectiveness of the risk management and internal control systems of the Group, covering all material controls, including financial, operational and compliance controls, with a view to ensuring that resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions are adequate. In this respect, the Audit Committee communicates any material issues to the Board.

Although the Group does not maintain an internal audit function, the Board has overall responsibility for the risk management and internal control systems and for reviewing its effectiveness. In preparation for the Listing, an independent internal control consultant has been appointed to carry out a review of the implemented system and procedures, including areas covering financial, operational and legal compliance controls and risk management functions covering the period from 1 April 2014 to 30 September 2016 and a follow-up review was also carried out in March 2017 after the Company implemented the recommended remedial measures. The Directors were satisfied that effective internal control measures as appropriate to the Group for the year ended 31 March 2017 were implemented properly and that no significant areas of weaknesses came into attention.

The Company will continue to engage external independent professionals to review the Group's system of internal controls and risk management annually and further enhance the Group's internal control and risk management systems as appropriate.

There is currently no internal audit function within the Group. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. Nevertheless, the Directors will continue to review at least annually the need for an internal audit function.

LOOKING FORWARD

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavors to take the necessary actions to ensure compliance with the required practices and standards including the provisions of the CG Code.

REPORT OF THE BOARD OF DIRECTORS

The directors of the Company are pleased to present their report together with the audited financial statements of the Group for the year ended 31 March 2017.

CORPORATE REORGANISATION AND SHARE OFFER

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 30 March 2016.

The shares of the Company have been listed on the GEM of the Stock Exchange by way of placing and public offer on 12 April 2017.

In connection with the listing of the Shares on GEM of the Stock Exchange, the companies comprising the Group underwent a reorganisation (the "Reorganisation"). Pursuant to the Reorganisation, the Company became the holding company of the subsidiaries comprising the Group on 22 March 2017. Further details of the Reorganisation are set out in the section headed "History and Development, Reorganisation and Group Structure" of the Prospectus.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 17 to the consolidated financial statements. The principal activities of the Group are the operation of the business of the sale and transportation of diesel oil and related products in Hong Kong.

RESULTS AND DIVIDENDS

The financial performance of the Group for the year ended 31 March 2017 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 40 and 41.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2017.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last three years is set out on page 92 of this report.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the year ended 31 March 2017, the Group did not have any significant investment, material acquisitions nor disposals of subsidiaries and affiliated companies save for those reorganisation activities done for the purpose of Listing as set out in the paragraph headed "Reorganisation" under the section headed "History and Development, Reorganisation and Group Structure" in the Prospectus.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

Apart from the reorganisation in relation to the Listing as disclosed in the Prospectus, there were no other significant investments held, material acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 March 2017.

USE OF PROCEEDS FROM THE SHARE OFFER

On the Listing Date, the Company's shares were listed on the GEM of the Stock Exchange. A total of 200,000,000 new shares with nominal value of HK$0.01 each of the Company were issued at HK$0.32 per share for a total of approximately HK$64.0 million. The net proceeds received by the Company from the Share Offer, after deduction of the underwriting commission and related expenses in connection with the Share Offer, was approximately HK$45.1 million. Since the Listing Date is after 31 March 2017, the net proceeds from the Share Offer had not been received by the Company as at 31 March 2017. The net proceeds, upon receipt by the Company after Listing, has been deposited at a bank and such net proceeds will be applied in the manners consistent with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 March 2017 are set out in note 18 to the consolidated financial statements.

BANK OVERDRAFTS AND BORROWING

Particulars of bank overdrafts and bank borrowings of the Group at 31 March 2017 are set out in notes 25 and 26, respectively to the consolidated financial statements.

INTEREST CAPITALISED

The Group has not capitalised any interest during the year ended 31 March 2017.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 March 2017 are set out in note 29 to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group and the Company during the year ended 31 March 2017 are set out in the consolidated statement of changes in equity on page 42 and note 31 to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2017, the Company did not have any reserves available for distribution as calculated in accordance with the relevant provisions of the Hong Kong Companies Ordinance.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Since the Listing of the Company was subsequent to the year ended 31 March 2017, the Company did not redeem its listed securities, nor did the Company or any of its subsidiaries purchase or sell any of such listed securities for the year ended 31 March 2017.

REPORT OF THE BOARD OF DIRECTORS

DIRECTORS

The Directors of the Company during the year ended 31 March 2017 and up to the date of this report were as follows:

Executive Directors

Mr. Fong Chun Man *(Chairman)* (appointed on 23 March 2017)
Ms. Lo Pui Yee (appointed on 23 March 2017)
Mr. Chan Chi Fai (appointed on 23 March 2017)

Independent Non-Executive Directors

Mr. Chui Chi Yun, Robert (appointed on 23 March 2017)
Mr. Kwong Yuk Lap (appointed on 23 March 2017)
Mr. Wang Anyuan (appointed on 23 March 2017)

Pursuant to article 84 of the Articles, one-third of the Directors shall retire from office by rotation and re-election at an annual general meeting of the Company in accordance with the Articles, providing that every Director shall be retired at least once every three years.

Confirmation of Independence

Each independent non-executive Director has given the Company an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all the independent non-executive Directors are independent and meet the independent guidelines set out in Rule 5.09 of the GEM Listing Rules.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

(a) Executive Directors

Each of the executive Directors has entered into a service contract with the Company on 22 August 2016 which shall become effective from the Listing Date and shall continue thereafter unless terminated in accordance with the terms therein. Under the terms of the service contract, the service contract may be terminated by not less than three months' notice served by either party on the other. The term of service of a Director is subject to retirement by rotation of Directors as set out in the Articles.

(b) Independent Non-executive Director

Each of the independent non-executive Director has signed a letter of appointment with the Company on 23 March 2017. Under the terms of the appointment letter, the appointment shall be for a term of one year commencing from the Listing Date and which may be terminated by not less than one month's notice served by either party on the other. The term of service of a Director is subject to the provisions on retirement by rotation of Directors as set out in the Articles.

Save as disclosed above, none of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries (other than contracts expiring or determinable by the Company or its subsidiaries, as applicable within one year without payment of compensation other than statutory compensation).

REPORT OF THE BOARD OF DIRECTORS

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The emolument of the Directors are recommended by the Remuneration Committee by reference to the benchmarking of the market. The Company also looks into individual Director's competence, duties, responsibilities, performance.

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in notes 13 and 14 to the consolidated financial statements.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 32 to 35 of this report.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

None of the Directors had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party at any time during or at the end of the year ended 31 March 2017.

As of 31 March 2017, no contract of significance had been entered into between the Company, or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

As at 31 March 2017, the Company did not enter into or have any management and/or administration contracts in respect of the whole or any principal business of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Since the Listing Date and up to the date of this report, the Directors are not aware of any business and interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group since the Listing Date and up to the date of this report. The independent non-executive Directors confirmed that the internal control measures in relation to managing actual or potential conflict of interest of the Group have been properly implemented.

COMPLIANCE OF NON-COMPETITION UNDERTAKINGS

On 23 March 2017, Mr. Fong Chun Man and Grand Tycoon Limited (being controlling shareholders of the Group) entered into a deed of non-competition ("Deed of Non-Competition") in favour of the Company (for itself and each of its subsidiaries), pursuant to which each of Mr. Fong Chun Man and Grand Tycoon Limited has irrevocably and unconditionally, jointly and severally, warrants and undertakes with the Company that, immediately upon the Share Offer becoming unconditional, each of them shall not, and shall procure each of his/its close associates and any company directly or indirectly controlled by Mr. Fong Chun Man and Grand Tycoon Limited (except for the members the Group) shall not, except through any member of our Group, directly or indirectly (whether on its own account or with each other or in conjunction with or on behalf of any person or company, or as principal or agent, through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise), carry on, engage in, invest or acquire or hold any rights or be interested or otherwise involved in any business that is similar to or in competition directly or indirectly with or is likely to be in competition with any business currently and from time to time engaged by our Group in Hong Kong and any other country or jurisdiction to which our Group carries on business or grants franchise from time to time ("Restricted Business").

Mr. Fong Chun Man and Grand Tycoon Limited further undertake that when he/it or his/its close associates other than any member of the Group is offered or becomes aware of any new project or business opportunity ("New Business Opportunity") directly or indirectly to engage or become interested in a Restricted Business, he/it (i) shall promptly notify our Company of such New Business Opportunity in writing, refer the same to our Company for consideration first and provide such information as may be reasonably required by our Company to make an informed assessment of such New Business Opportunity; and (ii) shall not, and shall procure that the Controlled Persons or Controlled Company not to, invest or participate in any such New Business Opportunity unless such New Business Opportunity is declined by our Company, or our Company does not proceed with such New Business Opportunity within 30 business days from the date of the written notice (of if requested by our Company in writing, such 30 business days period may be extended to a maximum of 60 business days), and the principal terms of which he/it and/or his/its close associates invest or participate in are no more favourable than those made available to our Company.

For further details of the Deed of Non-Competition, please refer to the section headed "Relationship with Controlling Shareholders — Non-Competition Undertakings" in the Prospectus.

Mr. Fong Chun Man and Grand Tycoon Limited have both confirmed to the Company of his/its compliance with the Deed of Non- Competition from the Listing Date up to the date of this report. The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied by each of Mr. Fong Chun Man and Grand Tycoon Limited and duly enforced since the Listing Date and up to the date of this report.

DISCLOSURE OF DIRECTORS' INTERESTS

(a) Interests and short positions of Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations

As the Company was not listed on the Stock Exchange as at 31 March 2017, Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance ("SFO") and section 352 of the SFO were not applicable to the Directors or chief executive of the Company as at 31 March 2017.

As at the date of this report, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (ii) to be entered into the register required to be kept therein, pursuant to section 352 of the SFO, or (iii) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Capacity/Nature of interest	Number of Shares held/ Interested	Percentage of shareholding
Mr. Fong Chun Man	Interest in a controlled Corporation *(Note 1)*	600,000,000 (Long position)	75.0%
Ms. Lo Pui Yee	Family Interest *(Note 2)*	600,000,000 (Long position)	75.0%

Notes:

1. The shares are held by Grand Tycoon Limited, the equity interest of which is owned as to 100% by Mr Fong Chun Man. Mr. Fong Chun Man is deemed to be interested in all the shares held by Grand Tycoon Limited for the purpose of Part XV of SFO.

2. Ms. Lo Pui Yee is the spouse of Mr. Fong Chun Man and is therefore deemed to be interested in all the shares which Mr. Fong Chun Man is interest for the purpose of Part XV of the SFO.

Save as disclosed above, as at the date of this report, none of the Directors and the chief executive of the Company has any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part V of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) to be entered into the register required to be kept therein, pursuant to section 352 of the SFO, or (iii) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

(b) Interests and short positions of the substantial shareholders and other persons in the shares, underlying shares and debentures of the Company and its associated corporations

As the Company was not listed on the Stock Exchange as at 31 March 2017, Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO") and section 352 of the SFO were not applicable to the substantial shareholders and other persons of the Company as at 31 March 2017.

As at the date of this report, so far as it is known to the Directors, the following persons (not being a Director or chief executive of the Company) had or were deemed to have interests in shares or underlying shares which (i) were recorded in the register required to be kept by the Company under Section 336 of the SFO, or (ii) which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules or, (iii) who will be, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

Name of shareholder	Capacity/Nature of interest	Number of Shares held/ Interested	Percentage of shareholding
Grand Tycoon Limited	Beneficial owner	600,000,000 (Long position)	75.0%

Save as disclosed above, as at the date of this report, the Directors have not been notified by any person who had interests or short positions in the shares, underlying shares or debentures of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme in which certain eligible participants including, among others, the Directors and employees of the Group may be granted options to subscribe for Shares on 23 March 2017. The Directors believe that the share option scheme will assist in the recruitment and retention of quality executives and employees. A summary of the principal terms of the share option scheme is set out in the section headed "Appendix IV — Statutory and general information — 13. Share Option Scheme" in the Prospectus.

The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 31 March 2017.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Guotai Junan Capital Limited ("Guotai Junan") to be the compliance adviser. As informed by Guotai Junan, neither Guotai Junan nor any of its directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules except for the compliance adviser agreement entered into between the Company and Guotai Junan Capital Limited on 8 September 2016 as at 31 March 2017.

Pursuant to the Compliance Adviser Agreement, Guotai Junan has received and will receive fees for acting as the Company's compliance adviser.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Director is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 March 2017, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2017, the aggregate amount of turnover attributed to the Group's largest and the five largest customers accounted for 13.9% and 50.3% (2016: 35.6% and 57.7%) of the total revenue of the Group, respectively. For the year ended 31 March 2017, the Group's purchase from the largest and the five largest suppliers accounted for 52.4% and 98.1% (2016: 82.5% and 99.4%) of the total purchases of the Group, respectively. At no time during the year ended 31 March 2017 did the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors, owns more than 5% of the Company's issued share capital) have any interest in the Group's major customers or suppliers as disclosed above.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 March 2017, the Group did not enter into any transactions which need to be disclosed as connected transactions or continuing connected transactions pursuant to Chapter 20 of the GEM Listing Rules.

Details of the material related party transactions are set out in note 36 to the consolidated financial statements of this report. These related party transactions did not constitute connected transactions or continuing connected transactions pursuant to Chapter 20 of the GEM Listing Rules.

Remuneration to key management personnel of the Group, including Directors described in notes 13 and 14 to the Group's consolidated financial statements are continuing connected transactions exempt from the connected transaction requirements under Rule 20.93 of the GEM Listing Rules. Amounts due from to a shareholder described in note 28 to the Group's consolidated financial statements have been repaid before listing of the Company on 12 April 2017.

CORPORATE GOVERNANCE

The Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly. The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules from the date of Listing up to the date of this report.

Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 12 to 22 of this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report the Company has maintained a sufficient public float as required under the GEM Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive or similar rights under the laws of Caymans Islands or the Articles which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

PERMITTED INDEMNITY PROVISION

Since the Shares were not listed until 12 April 2017, the Company did not maintain a directors and officers liability insurance during the year ended 31 March 2017. A directors' liability insurance is currently in place to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

REPORT OF THE BOARD OF DIRECTORS

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group had 22 employees in Hong Kong (2016: 16 employees in Hong Kong). The remuneration package our Group offered to our employees includes salary, bonuses and other cash subsidies. In general, our Group determines employees' salaries based on each employee's qualifications, position and seniority. Our Group has designed an annual review system to assess the performance of our employees, which forms the basis of our decisions with respect to salary raises, bonuses and promotions.

BUSINESS REVIEW

A fair review of the business of the Company as well as a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position can be found in the management discussion and analysis set out on pages 5 to 11 of this annual report. These discussions form part of this report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A separate environmental, social and governance report is expected to be published on the Stock Exchange's website and the Company's website no later than three months after the annual report had been published.

ANNUAL GENERAL MEETING

The first annual general meeting ("AGM") of the Company will be held on 8 August 2017, the notice of which shall be sent to the shareholders of the Company in accordance with the Articles, the GEM Listing Rules and other applicable laws and regulations.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from 3 August 2017 to 8 August 2017, both days inclusive, during which period no transfer of the shares of the Company will be registered.

Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 31st Floor, 148 Electric Road, North Point, Hong Kong not later than 4:00 p.m. on 2 August 2017.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2017 and up to the date of approval of this report.

AUDITORS

The consolidated financial statement for the year ended 31 March 2017 has been audited by HLB Hodgson Impey Cheng Limited, who shall retire at the forthcoming annual general meeting and, being eligible, offered themselves for re-appointment.

By order of the Board

F8 ENTERPRISES (HOLDINGS) GROUP LIMITED
FONG Chun Man
Chairman

BIOGRAPHIES OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Fong Chun Man ("Mr. Fong"), aged 37, is our founder, executive Director, Chairman, compliance officer, member of the Nomination Committee and Remuneration Committee, and is responsible for our Group's overall corporate management and business development strategies. Mr. Fong was appointed as an executive Director on 23 March 2017. Mr Fong established our Group in early 2005 and appointed as director of Great Wall (International) Oil Limited in December 2005.

Mr. Fong has over 10 years of experience in the sale and transportation of diesel oil and related products. Prior to the establishment of Great Wall (International) Oil Company and Great Wall (International) Oil Limited, Mr. Fong was the general manager of Yuk Shing Engineeing Co., Limited, a construction company which principally carries on the business of site formation and earthworks in Hong Kong, for approximately five years. He was responsible for its daily operation, including but not limited to submitting tender proposals and undertaking construction projects, managing its corporate accounting and administrative matter, monitoring the logistics of projects and contacting suppliers and customers, such as authorised agents appointed by the Oil Majors. Mr. Fong has also been the director of Jet Good Limited since April 2005, a company whose principal business involves the provision of construction materials and related logistics services in Hong Kong, where he has gained experience in business operation and management expertise.

Mr. Fong has completed the Hong Kong Advanced Level Examination in July 1999 and has been a committee member of the 13th and 14th sessions of the Chinese People's Political Consultative Conference Guangzhou City Yue Xiu District Committee (中國人民政治協商會議廣州市越秀區委員會) since May 2008 and the committee member of the 13th session of the Chinese People's Political Consultative Conference Guangzhou Committee (中國人民政治協商會議廣州市委員會) since January 2017. Mr. Fong is the director and the chairman of the audit committee of Pok Oi Hospital, a non-profit hospital in Hong Kong since 2012 and the director of the planning and procedure department of the Hong Kong Road Safety Patrol since March 2015. He is also the current honorary president of the Hong Kong Girl Guides Association Shatin branch. Mr. Fong is the spouse of Ms. Lo.

Saved as disclosed above, he was not a director in any listed companies for the last three preceding years.

Ms. Lo Pui Yee ("Ms. Lo"), aged 38, was appointed as our executive Director, and vice chairlady on 22 August 2016. Ms. Lo is responsible for supervising the overall administration and operation of our Group. She has more than 14 years of experience in the business administration and marketing area. Ms. Lo joined our Group in June 2016.

Ms. Lo has completed the Hong Kong Advanced Level Examination in July 1999. Since June 2002, Ms. Lo has gained exposure in the daily administration, operation and executive management in Alpha Communications Company, which carries on the business of the provision of telecommunication and internet services, and has been responsible for supervising the business development and corporate governance. Since 2011, Ms. Lo has been a director and shareholder of Luxe Tuxedo Limited, an apparel company offering high-end men's formal suit and attire in Hong Kong, responsible for overseeing the administrative function, enhancing communication channels between management and staff and product branding. Ms. Lo is the spouse of Mr. Fong.

Saved as disclosed above, she was not a director in any listed companies for the last three preceding years.

BIOGRAPHIES OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan Chi Fai ("Mr. Chan"), aged 36, was appointed as our executive Director and chief executive officer on 22 August 2016 and is responsible for the operation of our fleet of tank wagon and business strategies implementation. Mr. Chan has joined Great Wall (International) Oil Company since September 2010.

Mr. Chan obtained a higher certificate and a higher diploma in Civil Engineering from the Hong Kong Institute of Vocational Education in July 2007 and July 2009, respectively. Mr. Chan also completed the certificate for Safety Supervisor (Construction Industry), Safety Training Techniques Course and Safe Working Cycle Course in February 2002, January 2009 and January 2009, respectively. Prior to joining our Group, Mr. Chan worked as a foreman in Yuk Shing Engineeing Co., Limited from March 2000 to February 2007 whose principal business is construction and engineering, responsible for general site operation for drainage work and earthwork. From March 2007 to July 2010, Mr. Chan joined Vibro (H.K.) Limited and was promoted as a geotechnical field technician, whose principal business is construction, responsible for ground investigation arrangement and carrying out necessary testing.

Saved as disclosed above, he was not a director in any listed companies for the last three preceding years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chui Chi Yun, Robert ("Mr. Chui"), aged 60, was appointed as our independent non-executive Director on 23 March 2017. Mr. Chui is the chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee.

Mr. Chui obtained a Bachelor's degree in commerce from the Concordia University in June 1978 and was awarded the Medal of Honour by the Government of Hong Kong Special Administrative Region in 2014. Mr. Chui is currently a practicing certified public accountant in Hong Kong and is a fellow member of the Hong Kong Society of Accountants since June 1991 and the Chartered Association of Certified Accountants since May 1989. Mr. Chui has over 35 years of experience in the accounting industry and is the founder of a Hong Kong accounting firm, Robert Chui & Co. since August 1991.

Mr. Chui has been appointed as an independent non-executive director of Tse Sui Luen Jewellery (International) Limited, (Hong Kong stock code: 417), National Arts Entertainment and Culture Group Limited, (Hong Kong stock code: 8228), Wing Lee Property Investments Limited (Hong Kong stock code: 864) since April 1999, May 2009 and February 2013, respectively. Since December 2014, Mr. Chui has been appointed as a non-executive director of Addchance Holdings Limited (Hong Kong stock code: 3344). From May 2015 to March 2016, Mr. Chui was appointed as an independent non-executive director of Aurum Pacific (China) Group Limited (Hong Kong stock code: 8148). Mr. Chui has been appointed as an independent non-executive director of PPS International (Holdings) limited (Hong Kong stock code: 8201) since June 2015.

Saved as disclosed above, he was not a director in any listed companies for the last three preceding years.

BIOGRAPHIES OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Kwong Yuk Lap ("Mr. Kwong"), aged 41, was appointed as our independent non-executive Director on 23 March 2017. Mr. Kwong is the chairman of the Nomination Committee and a member of the Audit Committee.

Mr. Kwong obtained a Bachelor's degree in electronics from The Open University of Hong Kong in December 2001, a diploma in information technology from the School of Professional and Continuing Education of The University of Hong Kong in June 2004 and a master degree in information technology from Charles Sturt University, Australia in November 2005.

Since September 1997, Mr. Kwong has been working with MTR Corporation Limited, and is currently a senior technician. During his employment with MTR Corporation Limited, Mr. Kwong had been selected for secondment to Thales Information System from November 2003 to November 2005. In June 2011, Mr. Kwong joined Talent Gain International Limited, a subsidiary of WLS Holding Limited (Hong Kong stock code: 8021) as a project manager, responsible for the project development and management for ore, mining, petrochemical and precision metal industry. From December 2013 to October 2015, Mr. Kwong was appointed as a non-executive director of Wealth Glory Holdings Limited (Hong Kong stock code: 8269), whose principal activities involve manufacture and sale of fresh and dried noodles, investment holding in coal trading business, trading of natural resources and commodities and money lender. From November 2015 to August 2016, Mr. Kwong was re-designated as an executive director of Wealth Glory Holdings Limited.

Saved as disclosed above, he was not a director in any listed companies for the last three preceding years.

Mr. Wang Anyuan ("Mr. Wang"), aged 45, was appointed as our independent non-executive Director on 23 March 2017. Mr. Wang is the chairman of the Remuneration Committee and a member of the Audit Committee.

Mr. Wang obtained a Bachelor's degree specialising in maritime and communication accounting from the Shanghai Maritime University in July 1994. He joined China Merchants Group and served as the manager of the audit (risk assurance) department from September 1996 to July 2001, the chief financial officer of China Merchants Securities (HK) Company Limited from July 2001 to January 2007 and general manager of audit (risk assurance) department of China Merchants Finance Holdings Company Limited from February 2007 to February 2008. In April 2008, Mr. Wang served BOCOM International Holdings Company Limited as an executive director and head of China operation, responsible for the equity sales. From June to December 2009, Mr. Wang served CITIC Securities International as a director and head of China operation, responsible for their securities business and had been the account executive of CITIC Securities International Company Limited from January 2010 to November 2012. In October 2012, Mr. Wang served as a deputy head of brokerage department of China Investment Securities (Hong Kong) Financial Holdings Limited, responsible for securities trading. In February 2013, Mr. Wang served as a responsible officer of China Investment Securities International Brokerage Limited of Type 1 (Dealing in Securities) regulated activities as defined in the SFO. Since May 2013, Mr. Wang joined Orient Finance Holdings (Hong Kong) Limited as a business director of the brokerage department. Mr. Wang has been appointed as an executive director, compliance officer and authorised representative of Code Agriculture (Holdings) Limited (Hong Kong stock code: 8153) since September 2015. Mr. Wang is licensed with the SFC as a representative of Orient Securities (Hong Kong) Limited to carry out type 1 (dealing in securities) regulated activity and as a representative of Orient Futures (Hong Kong) Limited to carry out type 2 (dealing in futures contract) regulated activity.

Saved as disclosed above, he was not a director in any listed companies for the last three preceding years.

BIOGRAPHIES OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Cheung Lee Kwok ("Mr. Cheung"), aged 39, is our chief operation officer and is responsible for overseeing the daily operation and general financial management of our Group. Mr. Cheung has joined our Group since April 2016.

Mr. Cheung has over 10 years of experience in operational management. He obtained a bachelor's degree in mathematics from the National Central University, Taiwan, in June 2002. Prior to joining our Group, Mr. Cheung worked as an information technology engineer in Di Sheng Computer Limited (迪生電腦有限公司*) from March 2004 to July 2005, and from January 2007 to May 2007, responsible for conducting products testing and providing customer support. From June 2007 to April 2010, Mr. Cheung worked as an engineer in Chunghwa Picture Tubes, Ltd. (中華映管股份有限公司) whose principal business is involved in the optoelectronic industry (Taiwan stock exchange, stock code: 2475, and Luxembourg stock exchange, ISIN code: US17133M7092), responsible for supervising the production operation and quality control, as well as managing technicians and support staffs for improving operational efficiency. Mr. Cheung then worked in the sales of diesel oil related business in Great Wall (International) Company for six years from April 2010 to March 2016, responsible for the daily operations of the sole proprietorship.

COMPANY SECRETARY

Ms. Choi Chi Man ("Ms. Choi"), aged 44, was appointed as the company secretary of our Group on 22 August 2016. Ms. Choi obtained a Bachelor's degree in business studies from the City University of Hong Kong in November 1997 and she has been a certified public accountant of Hong Kong since January 2003. She was admitted a fellow of the Association of Chartered Certified Accountants in September 2007. Prior to her appointment with our Group, Ms. Choi has accumulated almost 20 years of experience in the accounting field. In July 1997, she joined the Hongkong Chinese Bank Limited and served as an assistant officer in the management accounting department. In May 2002, she served as an accountant in Styland Enterprises Limited. In April 2006, Ms. Choi joined Miramar Hotel & Investment Company Limited (a company listed on the Main Board of the Sock Exchange, stock code: 71) and took a position of supervisor of the group treasury department. From October 2007 to August 2014, she served as a finance manager of Ahsay Systems Corporation Limited.

* for identification purpose only

INDEPENDENT AUDITORS' REPORT

國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF
F8 ENTERPRISES (HOLDINGS) GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of F8 ENTERPRISES (HOLDINGS) GROUP LIMITED (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 40 to 91, which comprise the consolidated statement of financial position as at 31 March 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(Continued)*

The Key audit matter	How our audit addressed the key audit matter
Impairment assessment of trade receivables	
Refer to Notes 4 and 20 to the consolidated financial statements and accounting policies in Note 3 to the consolidated financial statements.	
In determining whether there is objective evidence of impairment loss, the Group takes into consideration the credit history of the customers and the current market condition which may require management judgment.	Our procedures in relation to management's impairment assessment on trade receivables included: • Discussing the Group's procedures on credit limits and credit periods given to customers with the management; • Evaluating the management's impairment assessment of trade receivables; and • Checking, on a sample basis, the accuracy and relevance of information included in the impairment assessment of trade receivables. We consider the management conclusion to be consistent with the available information.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon ("Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Shek Lui.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Shek Lui
Practising Certificate Number: P05895

Hong Kong, 23 June 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	7	180,616	146,920
Cost of sales		(155,773)	(125,964)
Gross profit		24,843	20,956
Other income	9	115	594
Administrative expenses		(13,227)	(5,278)
Other operating expenses		(1,622)	(1,301)
Profit from operations		10,109	14,971
Finance costs	10	(151)	(326)
Profit before taxation	12	9,958	14,645
Income tax expenses	11	(2,676)	(2,342)
Profit and total comprehensive income for the year attributable to the owners of the Company		7,282	12,303
Earnings per share attributable to the owners of the Company			
Basic and diluted (HK cents)	16	1.21	2.05

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current asset			
Property, plant and equipment	*18*	1,073	2,189
Current assets			
Inventories	*19*	200	60
Trade receivables	*20*	44,966	26,907
Deposits and prepayments	*21*	3,026	790
Amount due from a shareholder	*28*	–	1,228
Cash and bank balances	*22*	1,633	4,948
		49,825	33,933
Current liabilities			
Trade and bills payables	*23*	7,557	1,505
Accruals, receipts in advance and deposits received	*24*	4,361	1,956
Bank overdrafts	*25*	1,073	1,060
Bank borrowings	*26*	4,000	1,229
Obligations under finance leases	*27*	738	5,214
Amount due to a shareholder	*28*	23	–
Tax payable		3,646	1,576
		21,398	12,540
Net current assets		28,427	21,393
Total assets less current liabilities		29,500	23,582
Non-current liability			
Obligations under finance leases	*27*	188	1,552
Net assets		29,312	22,030
Capital and reserves			
Share capital	*29*	–	–
Reserves		29,312	22,030
Total equity		29,312	22,030

Approved and authorised for the issue by the board of directors on 23 June 2017 and signed on its behalf by:

Fong Chun Man
Executive Director

Lo Pui Yee
Executive Director

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Share Capital HK$'000	Other reserve HK$'000 *(Note i)*	Capital contribution reserve HK$'000 *(Note ii)*	Retained earnings HK$'000	Total HK$'000
At 1 April 2015	–	–	–	9,727	9,727
Profit and total comprehensive income for the year	–	–	–	12,303	12,303
At 31 March 2016 and 1 April 2016	–	–	–	22,030	22,030
Effect of reorganisation	–	–	–	–	–
Profit and total comprehensive income for the year	–	–	–	7,282	7,282
Effect of business transfer	–	–	24,652	(24,652)	–
At 31 March 2017	**–**	**–**	**24,652**	**4,660**	**29,312**

Note:

(i) Other reserve of the Group represents the difference between the total equity of the subsidiaries and the aggregated share capital of the subsidiaries pursuant to the Reorganisation where the transfer of the subsidiaries to the Company are satisfies by issue of new shares from the Company. The balance was approximately HK$8.

(ii) Capital contribution reserve represents the amount of the financial impact arisen from the transfer of business from Great Wall (International) Oil Company (Sole Proprietorship Business) to Great Wall (International) Oil Limited.

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000
Operating activities		
Profit before taxation	9,958	14,645
Adjustments for:		
Finance costs	151	326
Gain on disposal of property, plant and equipment	–	(39)
Depreciation of property, plant and equipment	1,149	1,329
Operating cash flows before movements in working capital	11,258	16,261
(Increase)/decrease in inventories	(140)	69
(Increase)/decrease in trade receivables	(18,059)	878
Increase in deposits paid and prepayments	(2,236)	(636)
Increase/(decrease) in trade payables	3,478	(1,913)
Increase in accruals, deposits received and other payables	2,405	1,495
Cash (used in)/generated from operations	(3,294)	16,154
Tax paid	(605)	(2,337)
Net cash (used in)/generated from operating activities	(3,899)	13,817
Investing activities		
Acquisition of property, plant and equipment	(33)	(58)
Proceeds from disposal of property, plant and equipment	–	39
Net cash used in investing activities	(33)	(19)
Financing activities		
Proceeds from bank borrowings	4,000	–
Repayments of bank borrowings	(1,229)	(226)
Proceeds from bills payables	2,574	9,000
Repayments of bills payables	–	(9,000)
Repayments advanced to a shareholder	(3,170)	(9,805)
Repayments of obligations under finance leases	(1,420)	(5,995)
Interest paid	(151)	(326)
Net cash generated from/(used in) financing activities	604	(16,352)
Net decrease in cash and cash equivalents	(3,328)	(2,554)
Cash and cash equivalents at the beginning of the year	3,888	6,442
Cash and cash equivalents at the end of the year	560	3,888
Cash and cash equivalents at the end of the year		
Cash and bank balances	1,633	4,948
Bank overdrafts	(1,073)	(1,060)
Cash and cash equivalents at the end of the year	560	3,888

The accompanying notes form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 30 March 2016. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and principal place of business in Hong Kong is Flat A, 9/F, Block B, Billion Centre, No.1 Wang Kwong Road, Kowloon Bay, Hong Kong. The Company's immediate and ultimate holding company is Grand Tycoon Limited, a company incorporated in the British Virgin Islands ("BVI"). Grand Tycoon Limited is controlled by Mr. Fong Chun Man ("Mr. Fong"), a director of the Company.

The Company is an investment holding company and its subsidiaries principally engaged in the business of the sale and transportation of diesel oil and related products in Hong Kong.

The shares of the Company (the "Shares") have been listed on the Growth Enterprises Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of placing and public offer (collectively the "Share Offer") on 12 April 2017 (the "Listing Date").

On the Listing Date, a total of 200,000,000 new Shares with nominal value of HK$0.01 each were offered under the Share Offer, of which 140,000,000 Shares, or 70% was offered by way of placing and the remaining 30%, or 60,000,000 Shares, was offered under the public offer. Based on the final offer price of HK$0.32 per share, the gross proceeds was approximately HK$64,000,000. The net proceeds received by the Company from the Share Offer, after deduction of the underwriting commission and related expenses in connection with the Share Offer, was approximately HK$45,100,000.

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

2. REORGANISATION

In connection with the listing of the Shares on GEM of the Stock Exchange, the Company underwent a reorganisation (the "Reorganisation").

Pursuant to the Reorganisation as fully explained in the paragraph headed "Reorganisation" in the section headed "History and Development, Reorganisation and Group Structure" of the prospectus of the Company dated 29 March 2017 (the "Prospectus"), the Company became the holding company of the companies now comprising the Group on 22 March 2017. The companies now comprising the Group were under the common control of Mr. Fong before and after the Reorganisation. Accordingly, the consolidated financial statements have been prepared on the basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the reporting period.

The consolidated statements of profit or loss and other comprehensive income and consolidated statements of changes in equity include the results of the companies now comprising the Group have been prepared as if the current group structure upon completion of the Reorganisation had been in existence throughout the reporting period or since their respective date of incorporation, where there is a shorter period. The consolidated statements of financial position of the Group as at 31 March 2016 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure upon completion of the Reorganisation had been in existence as at those dates, taking into account the respective dates of incorporation.

All intra-group transactions and balances have been eliminated.

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

In the current year, the Group has applied, for the first time, a number of the new and revised standards, amendments and interpretations ("new and revised HKFRSs") (which included all HKFRSs, Hong Kong Accounting Standards ("HKASs") and interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2016. A summary of the new and revised HKFRSs are set out below:

HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle

The application of the above amendments to HKFRSs and HKAS in the current year has had no material impact on the Group's financial performance and financial positions for the current and prior years and/or on the disclosures set out in the Group's consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The amendments to HKFRS 10 *Consolidated Financial Statements*, HKFRS 12 *Disclosure of Interests in Other Entities* and HKAS 28 *Investments in Associates and Joint Ventures* clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with HKFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary, whose main purpose is to provide services and activities that are related to the investment activities of the investment entity parent, applies only to subsidiaries that are not investment entities themselves.

The application of these amendments to HKFRS 10, HKFRS 12 and HKAS 28 has had no material impact on the Group's consolidated financial statements as the Group is not an investment entity and does not have any subsidiary, associate or joint venture that qualifies as an investment entity.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKFRS 11 Accounting for Acquisition of Interests in Joint Operations

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 regarding impairment testing of a cash-generating unit ("CGU") to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation on its formation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The application of these amendments to HKFRS 11 has had no material impact on the Group's consolidated financial statements.

Amendments to HKAS1 Disclosure Initiative

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

The application of these amendments to HKAS 1 has had no material impact on the Group's consolidated financial statements.

Amendments to HKAS16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- when the intangible asset is expressed as a measure of revenue; or
- when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the application of these amendments to HKAS 16 and HKAS 38 has had no material impact on the Group's consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- at cost;
- in accordance with HKFRS 9 *Financial Instruments* (or HKAS 39 for entities that have not yet adopted HKFRS 9); or
- using the equity method as described in HKAS 28 *Investments in Associates and Joint Ventures*.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 *Consolidated Financial Statements* and to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards*.

The directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2012–2014 Cycle

The Annual Improvements to HKFRSs 2012–2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments shall be applied prospectively.

The amendments to HKFRS 7 Disclosure — Offsetting Financial Assets and Financial Liabilities provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in opening retained earnings of the earliest comparative period presented.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Annual Improvements to HKFRSs 2012–2014 Cycle *(Continued)*

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere in the interim financial report. The amendments require that such information be incorporated by way of a cross reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The application of the said amendments to HKFRSs has had no material effect on the Group's consolidated financial statements.

The application of the other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and financial position for the current and prior years and on the disclosures set out in these consolidated financial statements.

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

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014-2016 cycle[5]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment[2]
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contract[2]
HKFRS 9	Financial Instruments[2]
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
HKAS 7 (Amendments)	Disclosure Initiative[1]
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses[1]
HKFRS 40 (Amendments)	Transfers of investment property[2]
HK(IFRIC) Int 22	Foreign Currency Transactions and Advance Consideration[2]

1 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
4 Effective for annual periods beginning on or after a date to be determined.
5 Effective for annual periods beginning on or after 1 January 2017 and 2018, as appropriate.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a fair value through other comprehensive income measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 that are relevant to the Group are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

HKFRS 9 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have an impact on amounts reported in respect of the Group's financial assets in relation to the impairment assessment on receivables, with the potential early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised costs. There will be additional disclosures upon the adoption of HKFRS 9. Except for abovementioned, the directors of the Company anticipate that the adoption of HKFRS 9 in the future will not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 March 2017.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. Under HKFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Based on the current business of Company, the directors of the Company do not anticipate that the application of HKFRS 15 will have material impact on the amounts reported and disclosures made in the consolidated financial statements in the future. There will be additional disclosures upon the adoption of HKFRS 15.

The Group is in the process of assessing the potential impact of the other new and revised HKFRSs upon initial application but is not yet in a position to state whether the other new and revised HKFRSs, will have a significant impact on the Group's financial performance and position.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 16 Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases", introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognize depreciation of the right-of-use asset and interest on the lease liability, and also classify cash repayments of the lease liability into a principal portion and an interest portion and present them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for lease that are classified as operating leases under the predecessor standard, HKAS 17.

As set out in Note 32, total operating lease commitment of the Group is respect of its office premises as at 31 March 2017 was amounting to approximately HK$541,000. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results but it is expected that certain portion of these commitments will be required to be recognised in the consolidated statement of financial position as right-of use assets and lease liabilities. Other than that, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the financial performance.

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and related interpretations issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosure requirements by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the disclosure requirements of the Hong Kong Companies Ordinance.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Merger accounting for common control combination

The consolidated financial statements incorporate the financial statement items of the combining entities or business in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or business are combined using the existing book values from the controlling party's perspective. No amount is recognised with respect to goodwill or any excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over its cost at the time of common control combination, to the extent of the contribution of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or business from the earliest date presented or since the date when combining entities or business first came under common control, where this is a shorter period, regardless of the date of common control combination.

Intra-group transactions, balances and unrealised gains on transactions between the combining entities or business are eliminated. Unrealised losses are eliminated but considered as an impairment indicator of the asset transferred. Accounting policies of combining entities or business have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transaction costs, including professional fees, registration fees, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting are recognised as an expense in the period in which they are incurred.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group which qualifies as business combination, except for those acquisitions which qualify as a common control combination and are therefore accounted for using the merger accounting.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value for the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange and, all acquisition-related costs are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquire at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statements of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policy adopted by the Group.

Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business and net of sales discount.

Sale of Goods:

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the group will comply with the conditions attaching to them. Grants that compensate the group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the group for the cost of an asset are deducted from carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

Leasing

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Borrowing costs

Borrowing costs directly attributable to the acquisition of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All borrowing costs are recognised in profit or loss in the period in which they are included.

Retirement benefit costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, employees are required to contribute 5% of their monthly salaries or up to a maximum of HK$1,500 (2016: HK$1,500) and they can choose to make additional contributions. Employers' monthly contributions are calculated at 5% of the employee's monthly salaries or up to a maximum of HK$1,500 (2016: HK$1,500) (the "mandatory contributions"). Employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65, death or total incapacity.

The subsidiaries and an associate were required to contribute a certain percentage of the payroll of their staff to the pension scheme to fund the benefits. The only obligation of the Group with respect to the pension scheme is to make the required contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Current tax

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Current and deferred tax for the reporting period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The property, plant and equipment, other than construction in progress, are depreciated over their estimated useful lives, after taking into account of their residual value, on a straight-line basis at the following rates per annum:

Leasehold improvement	Over the lease terms
Motor vehicles	30%
Office equipment	20%

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Contingent liabilities and contingent assets

Contingent liabilities are possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. These liabilities can also be a present obligation arising from past events that are not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. Contingent liabilities are not recognised but are disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

Inventories

Inventories are stated at the lower of cost and net realisable value with absorption cost. Cost is determined using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Absorption cost represents the amount of proportion of direct cost and indirect cost.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the reporting period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, deposits, amount due from a shareholder and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becomes probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

***Financial assets** (Continued)*

Impairment of financial assets (Continued)

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including (trade and bills payables, accruals and other payables, bank overdrafts, bank borrowings, obligations under finance leases and amount due to a shareholder) are subsequently measured at amortised cost using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Related parties transactions

A party is considered to be related to the Group if:

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiaries is related to the others);
- (ii) one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a group which the other entity is a member;
- (iii) both entities are joint ventures of the same third party;

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties transactions *(Continued)*

(b) An entity is related to the Group if any of the following conditions applies: (continued)

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employees are also related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependents of that person or that person's spouse or domestic partner.

A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations, that the management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Impairment of trade receivables

In determining whether there is objective evidence of impairment loss, the Group takes into consideration the credit history of the customers and the current market condition. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Management reassesses the adequacy of impairment on a regular basis. Where the actual cash flows are less than expected, a material impairment loss may arise.

(b) Impairment of property, plant and equipment

The Group reviews its property, plant and equipment for indications of impairment at each reporting period. In analysing potential impairments identified, the Group uses projections of future cash flows from the assets based on management's assignment of a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(c) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(d) Income taxes

The Group is subject to income taxes in Hong Kong. Significant judgment is required in determining provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amount that we initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(e) Net realisable value of inventories

Valuation of inventories are stated at the lower of cost and net realisable value at the end of the reporting period. Net realisable value is determined on the basis of the estimated selling price less the estimated costs necessary to make the sale. Management estimate the net realisable value for raw materials and finished goods based primarily on the latest invoice prices and current market conditions. In addition, the management perform an inventory review on a product by product basis at the end of each reporting period and assess the need for write down of inventories.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2017 HK$'000	2016 HK$'000
Financial assets		
Loans and receivables (including cash and bank balances)		
— Trade receivables	44,966	26,907
— Deposits paid	572	522
— Amount due from a shareholder	–	1,228
— Cash and bank balances	1,633	4,948
	47,171	33,605
Financial liabilities		
Amortised cost		
— Trade and bills payables	7,557	1,505
— Accruals and deposits received	4,315	1,808
— Bank overdrafts	1,073	1,060
— Bank borrowings	4,000	1,229
— Amount due to a shareholder	23	–
— Obligations under finance leases	926	6,766
	17,894	12,368

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies

The management monitor and manage the financial risks relating to the operations of the Group through internal risks reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including interest rate risk), credit risk and liquidity risk.

The Group's major financial instruments include trade receivables, deposits, cash and bank balances, amount due from a shareholder, trade and bills payables, accruals and deposits received, bank overdrafts, bank borrowings and obligations under finance leases. Details of these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Market risk

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing financial assets, mainly the interest bearing bank balances, bank overdraft, bank borrowings and obligations under finance lease. The Group monitors the interest rate exposure on a continuous basis and adjusts the portfolio of bank saving balances and borrowings where necessary.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for the floating rate bank borrowings, bills payables and bank overdrafts. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease throughout the reporting period is used internally for assessment of possible change in interest rate.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year would decrease/increase by approximately HK$10,000 and HK$38,000 for the years ended 31 March 2016 and 2017 respectively. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings, bills payables and bank overdrafts.

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents, trade receivables and amount due from a shareholder. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets. In respect of liquid funds, the credit risk is considered to be low as the counterparties are reputable banks with high credit-ratings.

Majority of the Group's revenue is received from a number of large customers in relation to sale and transportation of diesel oil. As at 31 March 2016 and 2017, the top five trade receivables accounted for approximately 75% and 62% and the largest trade receivables accounted for approximately 41% and 19% of the Group's total trade receivables balance respectively. The Group has set up long-term cooperative relationship with these debtors. In view of the history of business dealings with the debtors and the sound collection history of the receivables due from them, management believes that there is no material credit risk inherent in the Group's outstanding receivables balance due from these debtors. Management makes periodic assessment on the recoverability of the trade and other receivables based on historical payment records, the length of overdue period, the financial strength of the debtors and whether there are any disputes with the debtors. The management consider the Group's credit risk of these receivables to be low.

(iii) Liquidity risk

The Group is exposed to minimal liquidity risk as a substantial portion of its financial assets and financial liabilities are due within one year and it can finance its operations from existing shareholders' funds and internally generated cash flows.

In the management of the liquidity risk, the Group monitors and maintains a level of bank balances and cash deemed adequate by management to finance the Group's operations and mitigate the effect of fluctuations in cash flows. Management monitors current and expected liquidity requirements on a regular basis.

The following tables detail Group's contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which Group can be required to pay. The tables include both interest and principal cash flows.

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iii) Liquidity risk (Continued)

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of reporting period to the contractual maturity date. Specifically, bank borrowings with repayable on demand clause are included in "on demand or within one year" regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are prepared based on the agreed repayment dates. The amounts disclosed in the table are based on the contractual undiscounted payments, are as follows:

	Weighted average interest rate	On demand or within one year	More than one year but less than two years	More than two years but less than five years	More than five years	Total undiscounted cash flow	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2017							
Non-derivative financial liabilities							
Trade and bills payables	–	7,557	–	–	–	7,557	7,557
Accruals and deposits received	–	4,315	–	–	–	4,315	4,315
Bank overdrafts	5.25%	1,073	–	–	–	1,073	1,073
Bank borrowings	5.24%	4,028	–	–	–	4,028	4,000
Amount due to a shareholder	–	23	–	–	–	23	23
Obligations under finance leases	3.83%	761	190	–	–	951	926
		17,757	190	–	–	17,947	17,894

	Weighted average interest rate	On demand or within one year	More than one year but less than two years	More than two years but less than five years	More than five years	Total undiscounted cash flow	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2016							
Non-derivative financial liabilities							
Trade payables	–	1,505	–	–	–	1,505	1,505
Accruals and deposits received	–	1,808	–	–	–	1,808	1,808
Bank overdrafts	7.50%	1,060	–	–	–	1,060	1,060
Bank borrowings	3.89%	1,327	–	–	–	1,327	1,229
Obligations under finance leases	5.34%	5,354	1,484	190	–	7,028	6,766
		11,054	1,484	190	–	12,728	12,368

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iii) Liquidity risk (Continued)

The following table summarises the maturity analysis of bank borrowings with repayable on demand clause based on agreed scheduled repayments set out in the loan agreements. The amount includes interest payments computed using contractual rates. Taking into account the Group's financial position, the directors of the Company do not consider that it is probable that the bank will exercise its discretion to immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Maturity Analysis – bank borrowings subject to a repayment on demand clause based on scheduled repayments		
	Within one year HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000
At 31 March 2017	4,028	–	–
At 31 March 2016	281	281	765

(c) Fair value estimation

The fair value of financial assets and financial liabilities are determined as follows:

(i) The fair value of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid prices and ask prices respectively, and

(ii) The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models (e.g. discounted cash flow analysis using observable and/or unobservable inputs).

6. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value estimation *(Continued)*

The Company uses the following hierarchy for determining and disclosing the fair values of financial instruments:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.

(ii) 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 liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) 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).

Except as disclosed as above, the Directors consider the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximates to their fair values.

(d) Capital risk management

The Group manages its capital to ensure that entities will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the reporting period.

The capital structure of the Group consists of total borrowings and equity attributable to owners of the Company, comprising share capital, reserves and retained profits as disclosed in the consolidated financial statements.

The directors of the Company review the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and balance its overall capital structure through the payment of dividends and injection of capital.

The following is the gearing ratio at the end of each reporting period:

	2017 HK$'000	2016 HK$'000
Total borrowings *(Note (a))*	8,573	9,055
Total equity *(Note (b))*	29,312	22,030
Gearing ratio	29.2%	41.1%

Notes:

(a) Total borrowings represent bills payables, bank overdrafts, bank borrowings and obligations under finance leases as set out in Notes 23, 25, 26 and 27.

(b) Total equity includes share capital and reserves at the end of each reporting period.

7. REVENUE

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of the Group's revenue for the reporting period is as follows:

	2017 HK$'000	2016 HK$'000
Diesel oil	165,720	144,964
Marine diesel oil	13,618	536
Lubricant oil	1,278	1,420
	180,616	146,920

8. SEGMENT INFORMATION

A single management team reports to the Directors (being the chief operating decision-maker) who comprehensively manage the entire business. Accordingly, the Group does not present segment information separately.

Geographical information

During the years ended 31 March 2016 and 2017, the Group operated in Hong Kong and all of the Group's revenue are derived from Hong Kong and all of non-current assets of the Group are located in Hong Kong as at 31 March 2016 and 2017. No analysis of the Group's result and assets by geographical area is disclosed.

Information about major customers

Revenues from customers contributing over 10% of the total revenue of the Group during the reporting period are as follows:

	2017 HK$'000	2016 HK$'000
Customer A	25,091	52,317
Customer B	20,318	–*

* The customer contributed less than 10% of the total revenue of the Group.

9. OTHER INCOME

	2017 HK$'000	2016 HK$'000
Gain on disposal of property, plant and equipment	–	39
Government grant *(Note)*	–	521
Sundry income	115	34
	115	594

Note: Government grant represents incentive subsidies in relation to replacement of motor vehicles with lower environmental engine under ex-gratia payment scheme in the reporting period. There are no unfulfilled conditions to these grants by Hong Kong government authorises.

10. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Interest expenses on bank borrowings wholly repayable within five years	81	56
Interest expenses on bank overdrafts	14	20
Interest expenses on bills payables	–	133
Interest expenses on obligations under finance leases	56	117
	151	326

11. INCOME TAX EXPENSES

(a) Income tax in the consolidated statements of profit and loss and other comprehensive income represent:

	2017 HK$'000	2016 HK$'000
Current tax		
Hong Kong Profits Tax	2,676	2,342

Hong Kong Profits Tax has been provided at the rate of 16.5% to the estimated assessable profit for the years ended 31 March 2017 and 2016, except for the sole proprietorship business which is calculated at 15% of the estimated assessable profits for the year ended 31 March 2016.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(b) Reconciliation between actual tax expense and accounting profit at applicable tax rates:

The income tax for the years ended 31 March 2017 and 2016 can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017 HK$'000	2016 HK$'000
Profit before taxation	9,958	14,645
National tax on profit before taxation, calculated at the rates applicable to profits in the entities concerned	1,643	2,300
Tax effect of incomes not taxable for tax purpose	(181)	(3)
Tax effect of expenses not deductible for tax purpose	1,502	45
Tax effect of unused tax losses utilised	(268)	–
Tax reduction	(20)	–
Income tax charge for the year	2,676	2,342

12. PROFIT BEFORE TAXATION

	2017 HK$'000	2016 HK$'000
Profit for the year has been arrived at after charging/(crediting):		
Directors' emoluments *(Note 13)*	1,059	582
Other staff costs:		
— Salaries and other benefits	3,386	2,632
— Bonuses	205	91
— Retirement benefits scheme contributions	170	130
	3,761	2,853
Auditors' remuneration *(Note 1)*	600	10
Cost of inventories recognised as expense	152,228	122,253
Depreciation of property, plant and equipment *(Note 18)*		
— cost of sales	1,024	1,229
— administrative expenses	125	100
	1,149	1,329
Gain on disposal of property, plant and equipment	–	(39)
Operating lease rental expenses in respect of office premises	1,300	973
Listing expenses *(Note 2)*	7,148	1,300

Note:

(1) Exclude services for the listing of the Group.

(2) The listing expenses are included in "Administrative expenses".

13. DIRECTORS' EMOLUMENTS

Directors' emoluments for the reporting period, disclosed pursuant to the GEM Listing Rules, section 383(1)(a), (b), (c), and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

For the year ended 31 March 2017

	Directors' fees HK$'000	Salaries and other benefits HK$'000	Bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Mr. Fong Chun Man *(Note (i))*	200	–	–	10	210
Mrs. Lo Pui Yee *(Note (ii))*	200	–	–	10	210
Mr. Chan Chi Fai *(Note (iii))*	–	528	93	18	639
Independent Non- Executive Directors					
Mr. Chui Chi Yun *(Note (iv))*	–	–	–	–	–
Mr. Kwong Yuk Lap *(Note (iv))*	–	–	–	–	–
Mr. Wang Anyuan *(Note (iv))*	–	–	–	–	–
	400	528	93	38	1,059

For the year ended 31 March 2016

	Directors' fees HK$'000	Salaries and other benefits HK$'000	Bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Mr. Fong Chun Man *(Note (i))*	–	–	–	–	–
Mrs. Lo Pui Yee *(Note (ii))*	–	–	–	–	–
Mr. Chan Chi Fai *(Note (iii))*	–	484	80	18	582
	–	484	80	18	582

The executive directors' emoluments shown were mainly for their service in connection with the management of the affairs of the Company and the Group.

The remuneration shown above represents remuneration received and receivable from the Group by these Directors in their capacity as employees to the Group and/or in their capacity as Directors of the Company during the reporting period. No Directors waived or agreed to waive any emoluments during the reporting period.

13. DIRECTORS' EMOLUMENTS *(Continued)*

Notes:

(i) Mr. Fong Chun Man was appointed as executive director on 30 March 2016 and chairman of the Board on 22 August 2016.

(ii) Mrs. Lo Pui Yee, spouse of Mr. Fong, was appointed as executive director and vice-chairman of the Board on 22 August 2016.

(iii) Mr. Chan Chi Fai was appointed as executive director on 22 August 2016 and the Chief Executive Officer on 1 April 2016. During reporting period, he was the senior management of Great Wall (International) Oil Company since 20 September 2010.

(iv) Mr. Chui Chi Yun, Mr. Kwong Yuk Lap and Mr. Wang Anyuan appointed as independent non-executive directors of the Company on 23 March 2017.

14. EMPLOYEES EMOLUMENTS AND SENIOR MANAGEMENT EMOLUMENTS

The five highest paid individuals included 1 and 1 of executive director of the Company for the years ended 31 March 2016 and 2017 respectively, details of whose emoluments are set out above in Note 13. The emoluments of the remaining individuals for the years ended 31 March 2016 and 2017 are 4 and 4 respectively and individuals disclosed are as follows:

	2017 HK$'000	2016 HK$'000
Salaries and other benefits	1,186	958
Bonuses	146	61
Retirement benefit schemes contribution	58	50
	1,390	1,069

The number of non-director highest paid employees whose emoluments fell within the following bands is as follows:

	2017	2016
Nil to HK$1,000,000	4	4

The number of the senior management (excluding directors) whose emoluments fell within the following bands is as follows:

	2017	2016
Nil to HK$1,000,000	1	–

During the reporting period, no emoluments were paid by the Group to the directors or any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors waived or agreed to waive any emoluments during the reporting period.

15. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend for the year ended 31 March 2017 (2016: Nil).

16. EARNINGS PER SHARE

The basic earnings per share is calculated based on the profit attributable to equity holders of the Company and 600,000,000 ordinary shares for the years ended 31 March 2017 and 2016, which have been adjusted retrospectively on the assumption that the Reorganisation and the Capitalisation Issue in Note 29(d) had been effective on 1 April 2015.

Diluted earnings per share were same as the basic earnings per share as there were no potential dilutive ordinary shares in existences during the years ended 31 March 2017 and 2016.

17. PRINCIPAL SUBSIDIARIES

Details of the Company's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place and date of incorporation	Principle country of operation	Paid up capital or registered capital	Percentage of equity interest and voting power attributable to the company Direct %	Indirect %	Principle activities
Ruiqin Investments Limited	The BVI, 5 January 2016	Hong Kong	US$10.00	100	–	Investment holding
Great Wall (International) Oil Limited	Hong Kong, 22 December 2005	Hong Kong	HK$1.00	–	100	Sale and transportation of diesel oil and related products

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Total HK$'000
Cost:				
At 1 April 2015	–	8,245	–	8,245
Additions	239	2,282	–	2,521
Disposals	–	(400)	–	(400)
At 31 March 2016 and 1 April 2016	239	10,127	–	10,366
Additions	–	–	33	33
At 31 March 2017	239	10,127	33	10,399
Accumulated depreciation:				
At 1 April 2015	–	7,248	–	7,248
Charge for the year	100	1,229	–	1,329
Disposals	–	(400)	–	(400)
At 31 March 2016 and 1 April 2016	100	8,077	–	8,177
Charge for the year	119	1,024	6	1,149
At 31 March 2017	219	9,101	6	9,326
Carrying amount:				
At 31 March 2017	20	1,026	27	1,073
At 31 March 2016	139	2,050	–	2,189

Assets pledged as security

As at 31 March 2016 and 2017, the motor vehicles with carrying amount of approximately HK$2,050,000 and HK$913,000 have been pledged to secure finance leases (Note 27) granted to the Group respectively.

19. INVENTORIES

	2017 HK$'000	2016 HK$'000
Finished goods — Diesel oil	200	60

Inventories represent the merchandise of diesel products at the end of the reporting period.

20. TRADE RECEIVABLES

	2017 HK$'000	2016 HK$'000
Trade receivables	44,966	26,907

(a) Ageing analysis

The following is an analysis of trade receivables by age, presented based on the invoice date and net of allowance for doubtful debts, at the end of the reporting periods:

	2017 HK$'000	2016 HK$'000
Within 30 days	12,954	11,797
31 to 60 days	11,101	6,211
61 to 90 days	9,428	6,860
91 to 120 days	6,389	937
Over 120 days	5,094	1,102
	44,966	26,907

The Group's average credit term with its customers is, in general, 3 days to 120 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Details on the Group's credit policy are set out in Note 5(a).

(b) Impaired trade receivables

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. Accordingly, the directors believe that there is no further credit provision required in excess of the impairment of trade receivables during the reporting period.

The Group's policy for impairment loss on trade receivables is based on an evaluation of collectability and ageing analysis of the receivables which requires the use of judgment and estimates. Provisions are applied to the receivables when there are events or changes in circumstances indicate that the balances may not be collectible. The management closely reviews the trade receivables balances and any overdue balances on an ongoing basis and assessments are made by the management on the collectability of overdue balances.

20. TRADE RECEIVABLES *(Continued)*

(c) Ageing analysis of trade receivables which are past due but not impaired

The ageing analysis of trade receivables that were neither individually nor collectively considered to be impaired are as follows:

	2017 HK$'000	2016 HK$'000
Within 30 days	8,642	79
31 to 60 days	4,406	–
61 to 90 days	2,004	–
91 to 120 days	12	–
Over 120 days	5	342
	15,069	421

Trade receivables that were neither past due nor impaired relate to customers and debtors for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

21. DEPOSITS AND PREPAYMENTS

	2017 HK$'000	2016 HK$'000
Deposits paid	572	522
Prepayments	2,454	268
	3,026	790

22. CASH AND CASH EQUIVALENTS

	2017 HK$'000	2016 HK$'000
Cash and bank balances	1,633	4,948

Cash and bank balances comprise cash at bank and cash on hand held by the Group. Bank balances earn interests at floating rate based on daily bank deposit rates and is placed with creditworthy banks with no recent history of default.

23. TRADE AND BILLS PAYABLES

	2017 HK$'000	2016 HK$'000
Trade payables	4,983	1,505
Bills payables	2,574	–
	7,557	1,505

The average credit term from suppliers is up to 3 to 60 days. The following is an ageing analysis of trade and bills payables presented based on the invoice date at the end of the reporting period:

	2017 HK$'000	2016 HK$'000
Within 30 days	3,386	1,058
31 to 60 days	4,044	430
61 to 90 days	54	17
91 to 120 days	1	–
Over 120 days	72	–
	7,557	1,505

Note:

The bills payables are secured by:

(a) unlimited personal guarantee provided by the shareholder of the Company; and

(b) pledge of the property which owned by the shareholder of the Company.

24. ACCRUALS, RECEIPTS IN ADVANCE AND DEPOSITS RECEIVED

	2017 HK$'000	2016 HK$'000
Accruals	4,235	1,778
Receipts in advance	46	148
Deposits received	80	30
	4,361	1,956

25. BANK OVERDRAFTS

Bank overdrafts of the Group carry interest at market rate of Hong Kong Dollar Prime Rate and Hong Kong best lending rate as at 31 March 2017 and 2016, respectively.

(a) unlimited personal guarantee provided by the shareholder of the Company;

(b) pledge of the life insurance of the shareholder of the Company for the year ended 31 March 2016, which has been released during the year ended 31 March 2017; and

(c) pledge of the property which owned by the shareholder of the Company.

As at 31 March 2016, the shareholder of the Company represented that such personal guarantee, life insurance and a property owned by the shareholder in respect of the bank overdrafts were released upon completion of the business transfer from sole proprietor to a subsidiary of the group on 31 March 2016.

26. BANK BORROWINGS

	2017 HK$'000	2016 HK$'000
Secured bank borrowings *(Notes (a) and (b))*	4,000	1,229

Secured term loan from bank that repayable within the period of:

	2017 HK$'000	2016 HK$'000
less than one year	4,000	239
more than 1 year but within 2 years	–	249
more than 2 years but within 5 years	–	741
	4,000	1,229
Less: Amounts classified as current liabilities Secured term loan due within one year or contain a repayment on demand clause	(4,000)	(1,229)
Amounts classified as non-current liabilities	–	–

26. BANK BORROWINGS *(Continued)*

Notes:

(a) The bank borrowings of the Group as at 31 March 2017 was secured by personal guarantee of the shareholder and a property owned by the shareholder of the Company. The bank borrowings of the Group as at 31 March 2016 was secured by personal guarantee, life insurance and a property owned by the shareholder of the Company. Such personal guarantee, life insurance and a property owned by the shareholder were released upon completion of the business transfer.

(b) The bank borrowings of the Group with financial institutions amounted to approximately HK$1,229,000 and HK$4,000,000, carried at floating interest rate ranging from 2.79% to 5.00% per annum and 4.75% to 6.00% per annum for the years ended 31 March 2016 and 2017 respectively.

(c) The bank borrowings were denominated in Hong Kong dollars and U.S. dollars. The bank borrowings of approximately HK$616,000 and HK$Nil were denominated in U.S. dollars for the years ended 31 March 2016 and 2017 respectively.

27. OBLIGATIONS UNDER FINANCE LEASES

The Group lease certain of its property, plant and equipment under finance leases.

	2017 HK$'000	2016 HK$'000
Minimum lease payments under finance leases		
— within one year	761	5,354
— in the second to fifth years, inclusive	190	1,674
	951	7,028
Less: Future finance charges	(25)	(262)
Present value of lease obligations	926	6,766

	2017 HK$'000	2016 HK$'000
Present value of minimum lease payments		
— within one year	738	5,214
— in the second to fifth years, inclusive	188	1,552
	926	6,766
Less: Amounts due for settlement within one year	(738)	(5,214)
Amounts due for settlement after one year	188	1,552

27. OBLIGATIONS UNDER FINANCE LEASES *(Continued)*

The Group has leased the motor vehicles under finance leases and the lease term are in the range from 2 to 3 years. During the reporting period, the annual effective interest rates of the obligations under finance leases was 3.83% per annum. The obligations under finance leases are denominated in Hong Kong dollars and its carrying amount approximate its fair value. The Group's obligations under finance leases are secured by the lessors' title to the leased assets and personal guarantee by the shareholder of the Company.

As at 31 March 2016 and 2017, the finance leases payables of the Group with carrying amounts of approximately HK$2,347,000 and HK$926,000 were secured by the lessor' charge over the leased assets with carrying amount of approximately HK$2,050,000, HK$913,000 for year ended 31 March 2016 and 2017 respectively (Note 18).

As at 31 March 2016, the finance lease payables of the Group with carrying amounts of approximately HK$4,419,000 were guaranteed by the Group to a shareholder (Mr. Fong). The balance was fully settled on 30 June 2016.

28. AMOUNT DUE FROM/(TO) A SHAREHOLDER

	Maximum outstanding balance during the year			
	2017 HK$'000	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
Mr. Fong	8,001	7,756	(23)	1,228

The amount due from a shareholder is non-trade in nature, unsecured, interest-free and recoverable on demand. Mr. Fong is both director and shareholder of the Company.

The amount due to a shareholder, Mr. Fong, is non-trade in nature, unsecured, interest-free and repayable on demand.

29. SHARE CAPITAL

	Number of share	HK$'000
Authorised:		
Ordinary shares of HK$0.01 each upon incorporation *(Note (a))*	38,000,000	380
Increase in authorised share capital *(Note (c))*	1,962,000,000	19,620
As at 31 March 2017	2,000,000,000	20,000

	Number of share	HK$'000
Issued and fully paid:		
Ordinary share of HK$0.01 upon incorporation *(Note (a), (b))*	1	–
Issue of shares upon reorganisation *(Note (b))*	99	–
At 31 March 2017	100	–

Notes:

(a) The Company was incorporated on 30 March 2016 with authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each and has not carried on any business since the date of incorporation except for the Reorganisation. On the date of incorporation, one nil-paid share was allotted and issued.

(b) On 22 March 2017, Mr. Fong Chun Man (as warrantor), Grand Tycoon Limited (as vendor) and the Company entered into a sale and purchase agreement, pursuant to which Grand Tycoon Limited (the "Grand Tycoon") transferred its entire shareholding interest in Ruiqin Investments Limited to the Company, in consideration of (i) the crediting as fully paid of the initial share held by Ruiqin Investments, and (ii) issuance of 99 shares credited as fully paid to Grand Tycoon for the Reorganisation as set out in the section headed "Reorganisation" in the "History and Development, Reorganisation and Group Structure" to the Prospectus.

(c) Pursuant to the written resolution of the shareholder passed on 23 March 2017, the authorised share capital of the Company was increased from HK$380,000 to HK$20,000,000 by creation of an additional of 1,962,000,000 shares of HK$0.01 each, each ranking pari passu with the shares then in issue in all respects.

(d) The issued capital and the number of issued share as at 31 March 2016 were nil and 1 nil-paid share respectively when the Company was incorporated on 30 March 2016.

(e) On 11 April 2017, 200,000,000 shares of HK$0.01 each of the Company were allotted and issued at a price of HK$0.32 per share by way of Share Offer.

Pursuant to the written resolutions of the shareholder passed on 23 March 2017, subject to the share premium account of the Company being credited as a result of the Share Offer, the Directors were authorised to allot and issue a total of 599,999,900 shares credited as fully paid at par to Grand Tycoon Limited by way of capitalization of the sum of HK$5,999,999 standing to the credit of the share premium account of the Company ("Capitalisation Issue"). The Capitalisation Issue was completed on 12 April 2017. The shares allotted and issued rank pari passu in all respects with the then existing issued shares.

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2017 HK$'000	2016 HK$'000
Non-current asset			
Investment in a subsidiary	*17*	–	–
Current asset			
Prepayments		2,366	30
Current liabilities			
Accruals		3,499	78
Amount due to a subsidiary		6,663	–
Amount due to a shareholder		43	43
		10,205	121
Net current liabilities		(7,839)	(91)
Capital and reserves			
Share capital	*29*	–	–
Reserves	*31*	(7,839)	(91)
Total equity		(7,839)	(91)

Approved and authorised for issue by the board of directors on 23 June 2017 and signed on its behalf by:

Fong Chun Man
Executive Director

Lo Pui Yee
Executive Director

31. RESERVES OF THE COMPANY

	Accumulated loss HK$'000
As at 30 March 2016 (Date of incorporation)	–
Loss and total comprehensive loss for the period	(91)
As at 31 March 2016 and 1 April 2016	(91)
Loss and total comprehensive loss for the year	(7,748)
As at 31 March 2017	(7,839)

32. OPERATING LEASE ARRANGEMENTS

The Group as lessee

At the end of each reporting date, the Group had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:

	2017 HK$'000	2016 HK$'000
— within one year	246	1,239
— in the second to fifth years, inclusive	295	227
	541	1,466

Operating lease payments represent rentals payable by the Group for certain of office premises. Leases are negotiated at terms which range from 1 to 3 years. The Group does not have an option to purchase the leased premises at the expiry of the lease period.

During the reporting periods, the Group entered into a tenancy agreement with a lessor for a residence apartment for the director and the rental payment was borne by the director. The tenancy agreement was expired on 9 October 2015 and released the title obligation of the tenancy agreement for the Group.

33. CAPITAL COMMITMENTS

During the reporting periods, the Group have no capital expenditure contracted but not provided for in respect of acquisition of property, plant and equipment.

34. RETIREMENT BENEFITS SCHEME

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the"MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, employees are required to contribute 5% of their monthly salaries or up to a maximum of HK$1,500 (2016: HK$:1,500) and they can choose to make additional contributions. Employers' monthly contributions are calculated at 5% of the employee's monthly salaries or up to a maximum of HK$1,500 (2016: HK$1,500) (the "mandatory contributions"). Employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65, death or total incapacity.

The retirement benefits scheme contributions arising from the MPF Scheme charged to the consolidated statement of profit or loss and other comprehensive income represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

The contributions paid and payable to the schemes by the Group are disclosed in Note 12.

35. SHARE OPTION SCHEME

A summary of the share option schemes of the Company are set out in the section headed "Share Option Schemes" in the Report of the Board of Directors of this annual report.

The Company adopted a share option scheme on 23 March 2017 (the "Share Option Scheme"). The Share Option Scheme became effective on the date of the Company's listing (12 April 2017) and, unless otherwise cancelled or amended, will remain in force for ten years from that date.

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, including, where required under the GEM Listing Rules, the independent non-executive Directors) from time to time on the basis of the participant's contribution or potential contribution to the development and growth of our Group.

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme is 80,000,000 shares, representing 10% of the shares of the Company in issue as at the date of adoption of the Share Option Scheme and as at the date of this annual report. The maximum number of shares issuable under share options granted to each eligible participant in the Share Option Scheme (including both exercised and outstanding options) within any 12-month period is limited to 1% of the shares of the Company in issue. Any grant or further grant of share options in excess of this limit must be separately approved by shareholders in general meeting. Any grant of share options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company, or to any of their associates, must be approved by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the Option). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the total number of shares issued and to be issued, upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding), to such person under the Share Option Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of the grant in aggregate over 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK$5 million , such further grant of options is required to be approved by shareholders of the Company at a general meeting of the Company, with voting to be taken by way of poll.

35. SHARE OPTION SCHEME *(Continued)*

The offer for the grant of share options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the date of grant subject to provision of early termination thereof. There is no requirement of a minimum period for which an option must be held before it can be exercised. The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

At the end of the reporting period, no option has been granted by the Company under the Share Option Scheme.

36. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed in elsewhere in the consolidated financial statements, the Group had also entered into the following material related party transactions during the reporting period:

(a) Transactions with related parties

Name of the related parties	Nature of transaction	2017 HK$'000	2016 HK$'000
Yuk Shing Engineering Co., Limited *(Note (i))*	Sales of products	1,941	3,355
Kit Ho Engineering Limited *(Note (ii))*	Sales of products	6,790	5,823

(b) Balances with related parties

Name of the related parties	Nature of transaction	2017 HK$'000	2016 HK$'000
Yuk Shing Engineering Co., Limited *(Note (i))*	Trade receivables	332	181
Kit Ho Engineering Limited *(Note (ii))*	Trade receivables	2,325	1,625
Mr. Fong *(Note (iii))*	Amount due (to)/from a shareholder	(23)	1,228

Notes:

(i) A close family member of a shareholder of the Company has beneficial interest in Yuk Shing Engineering Co., Limited.

(ii) A close family member of a director of the Company has beneficial interest in Kit Ho Engineering Limited.

(iii) Mr. Fong is a shareholder of the Company.

36. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(c) Guaranteed by the Group to key management personnel

As at 31 March 2016, the finance lease payables of the Group with carrying amounts of approximately HK$4,419,000 was guaranteed by the Group to a shareholder of the Company respectively (Note 27). The balance was fully settled and released on 30 June 2016.

(d) Personal guarantee provided by key management personnel

The obligations under finance leases, bank borrowings and bank overdrafts of the Group as at 31 March 2016 and 2017 were secured by personal guarantee of the shareholder of the Company, life insurance and a property owned by the shareholder of the Group. The life insurance owned by the shareholder was released during the year ended 31 March 2017 and all personal guarantee provided by the shareholder will be released and replaced by Corporate guarantee of the Company upon listing.

(e) Compensation of key management personnel

The directors of the Company are identified as key management members of the Group and their compensation of directors and key management during the reporting period is set out in Notes 13 and 14.

37. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure the obligations under finance leases granted to the Group or borrowings of the Group as follow:

	2017 HK$'000	2016 HK$'000
Property, plant and equipment	913	2,050

38. NON-CASH TRANSACTIONS

During the year ended 31 March 2016 and 2017, additions to property, plant and equipment of approximately HK$2,282,000 and HK$Nil were made under the finance leases which of approximately HK$240,000 and HK$Nil have made by the Group as down payment.

39. EVENTS AFTER THE REPORTING PERIOD

(a) The Company's shares were listed on the GEM of the Stock Exchange on 12 April 2017 and 200,000,000 ordinary shares were issued at HK$0.32 per offer share on 11 April 2017 (the "Share Offer") in connection with the Listing as detailed in the Prospectus and the announcement of the Company dated 11 April 2017, among others, in relation to the allotment results of the Share Offer. After deducting related listing expenses, the net proceeds of the Share Offer are approximately HK$45.1 million.

(b) Pursuant to the written resolutions passed on 23 March 2017, the directors were authorised to capitalise a sum of approximately HK$5,999,999 from the amount standing to the credit of the share premium account of the Company and applied such amount to pay up in full at par of 599,999,900 ordinary shares of the Company. The capitalisation issue was completed on 11 April 2017.

40. AUTHORISATION FOR ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issued by the Board of Directors on 23 June 2017.

FINANCIAL SUMMARY

RESULT

	For the year ended 31 March		
	2015 HK$'000	2016 HK$'000	2017 HK$'000
Revenue	242,949	146,920	180,616
Cost of sales	(228,811)	(125,964)	(155,773)
Gross profit	14,138	20,956	24,843
Profit and total comprehensive income for the year attributable to the owners of the Company	8,486	12,303	7,282

ASSETS AND LIABILITIES

	As at 31 March		
	2015 HK$'000	2016 HK$'000	2017 HK$'000
Non-current asset	997	2,189	1,073
Current assets	34,754	33,933	49,825
Non-current liabilities	5,219	1,552	188
Current liabilities	20,805	12,540	21,398
Net current assets	13,949	21,393	28,427
Net assets	9,727	22,030	29,312

The summary above does not form part of the audited consolidated financial statements.

No consolidated financial statements of the Group for the years ended 31 March 2013 and 2014 have been published.

The financial information for the years ended 31 March 2015 and 2016 were extracted from the prospectus of the Company dated 29 March 2017. Such summary was prepared as if the current structure of the Group had been in existence throughout these financial years and is presented on the basis as set out in Note 4 to the consolidated financial statements.