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Kwong Man Kee Group Limited
鄺文記集團有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8023)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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

HIGHLIGHTS

- The revenue of the Group increased to approximately HK$53.3 million or 111.5%, for the six months ended 30 September 2018 from approximately HK$25.2 million for the six months ended 30 September 2017.

- The Group's gross profit increased by approximately HK$8.8 million, or 107.3% from approximately HK$8.2 million for the six months ended 30 September 2017 to approximately HK$17.0 million for the six months ended 30 September 2018. The gross profit margin of the Group was approximately 31.9% for the six months ended 30 September 2018 and 32.5% for the six months ended 30 September 2017.

- The net profit attributable to owners of the Company was approximately HK$6.1 million for the six months ended 30 September 2018, as compared to loss of approximately HK$0.2 million recorded for the same period ended 30 September 2017.

- The Board does not recommend the payment of interim dividend for the six months ended 30 September 2018 (for the six months ended 30 September 2017: nil).

FINANCIAL RESULTS

The board of directors (the "**Board**") of the Company is pleased to announce the unaudited condensed consolidated financial results of the Group for the six months ended 30 September 2018, together with the comparative unaudited figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

		Three months ended 30 September		**Six months ended 30 September**	
		2018	2017	**2018**	2017
	Note	***HK$***	*HK$*	***HK$***	*HK$*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	6	**29,336,108**	16,344,148	**53,286,267**	25,235,845
Cost of sales	21	**(19,595,879)**	(11,497,919)	**(36,278,005)**	(17,044,263)
Gross profit		**9,740,229**	4,846,229	**17,008,262**	8,191,582
Other gain		**37,018**	–	**67,018**	90,839
General and administrative expenses	21	**(4,956,002)**	(4,283,548)	**(9,684,038)**	(8,434,341)
Operating profit/(loss)		**4,821,245**	562,681	**7,391,242**	(151,920)
Finance cost, net	22	**(92,374)**	(71,278)	**(164,834)**	(95,262)
Profit/(loss) before income tax		**4,728,871**	491,403	**7,226,408**	(247,182)
Income tax expense		**(873,059)**	(203,991)	**(1,130,950)**	–
Profit/(loss) and total comprehensive income/(loss) for the period attributable to owners of the Company		**3,855,812**	287,412	**6,095,458**	(247,182)
Earnings/(loss) per share, attributable to owners of the Company					
– Basic and diluted (HK cents per share)	9	**0.64**	0.05	**1.02**	(0.04)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2018

	Note	**As at 30 September 2018** *HK$* **(Unaudited)**	As at 31 March 2018 *HK$* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	10	**42,012,615**	40,927,306
Prepayments for non-current assets	12	**–**	215,923
		42,012,615	41,143,229
Current assets			
Inventories		**14,475,132**	13,843,132
Contract assets	13	**3,455,167**	–
Trade and retention receivables	11	**38,095,242**	41,015,023
Prepayments and other receivables	12	**1,696,081**	1,143,630
Amounts due from customers for contract work	13	**–**	5,350,241
Current income tax recoverable		**779,041**	1,801,082
Cash and cash equivalents	14	**14,888,012**	17,977,073
		73,388,675	81,130,181
Total assets		**115,401,290**	122,273,410
EQUITY			
Share capital	15	**6,000,000**	6,000,000
Reserves		**61,283,063**	61,283,063
Retained earnings		**11,909,462**	15,466,937
Total equity		**79,192,525**	82,750,000

	Note	As at 30 September 2018 HK$ (Unaudited)	As at 31 March 2018 HK$ (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**314,749**	205,840
		314,749	205,840
Current liabilities			
Trade payables	16	**16,507,812**	16,424,747
Contract liabilities	13	**1,771,257**	–
Accruals and other payables	17	**3,357,416**	2,282,074
Amounts due to customers for contract work	13	**–**	8,984,647
Bank borrowings	18	**11,091,358**	11,431,894
Finance lease payables	19	**868,594**	–
Amount due to the ultimate holding company	20	**2,260,500**	–
Current income tax liabilities		**37,079**	194,208
		35,894,016	39,317,570
Total liabilities		**36,208,765**	39,523,410
Total equity and liabilities		**115,401,290**	122,273,410

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	Unaudited					
	Share capital *HK$*	**Share premium** *HK$*	**Capital reserves** *HK$*	**Shareholders contribution** *HK$*	**Retained earnings** *HK$*	**Total equity** *HK$*
Balance at 1 April 2018 as original presented	6,000,000	52,482,955	108	8,800,000	15,466,937	82,750,000
Change in accounting policies *(Note 3.3)*	–	–	–	–	(1,252,933)	(1,252,933)
Restated balance as at 1 April 2018	6,000,000	52,482,955	108	8,800,000	14,214,004	81,497,067
Dividend	–	–	–	–	(8,400,000)	(8,400,000)
Profit and total comprehensive income for the period	–	–	–	–	6,095,458	6,095,458
Balance at 30 September 2018	6,000,000	52,482,955	108	8,800,000	11,909,462	79,192,525
Balance at 1 April 2017	6,000,000	52,482,955	108	8,800,000	8,820,284	76,103,347
Loss and total comprehensive loss for the period	–	–	–	–	(247,182)	(247,182)
Balance at 30 September 2017	6,000,000	52,482,955	108	8,800,000	8,573,102	75,856,165

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	Six months ended 30 September	
	2018	2017
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	**4,958,340**	3,478,236
Cash flows from investing activities		
Purchases of property, plant and equipment	**(1,170,896)**	(22,077,457)
Proceed form disposal of property, plant and equipment	**–**	90,839
Net cash used in investing activities	**(1,170,896)**	(21,986,618)
Cash flows from financing activities		
Dividend paid	**(6,138,996)**	–
Proceeds from bank borrowings	**–**	11,992,000
Repayments of bank borrowings	**(340,536)**	(222,322)
Repayments of finance lease payables	**(232,094)**	–
Interest paid	**(164,879)**	–
Net cash (used in)/generated from financing activities	**(6,876,505)**	11,769,678
Net decrease in cash and cash equivalents	**(3,089,061)**	(6,738,704)
Cash and cash equivalents at beginning of period	**17,977,073**	35,085,289
Cash and cash equivalents at end of period	**14,888,012**	28,346,585

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Kwong Man Kee Group Limited (the "Company") was incorporated in the Cayman Islands on 30 May 2016 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and its principal place of business is 21st Floor, The Bedford, 91-93 Bedford Road, Kowloon, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are principally engaged in the provision of engineering services in flooring, screeding, anti-skid surfacing and concrete repairing. The controlling shareholder of the Company is Mr. Kwong Chi Man ("Mr. Kwong") and the parent company of the Company is Sage City Investments Limited ("the ultimate holding company").

The Company listed its shares on GEM of The Stock Exchange of Hong Kong Limited on 13 October 2016.

This condensed consolidated interim financial information is presented in Hong Kong dollars ("HK$"), unless otherwise stated.

The condensed consolidated interim financial information has been reviewed by the audit committee of the Company.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2018 has been prepared in accordance with HKAS 34, 'Interim financial reporting' issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the GEM Listing Rules. The condensed consolidated interim financial information should be read in conjunction with the Company's consolidated financial statements for the year ended 31 March 2018, which have been prepared in accordance with HKFRSs issued by the HKICPA.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements of the Group for the year ended 31 March 2018, except for the estimation of income tax and the adoption of new and amended standards as set out in Note 3.1.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the condensed consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the condensed consolidated statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

3.1 New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

The impact of the adoption of these standards and the new accounting policies are disclosed in Note 3.3 below.

The following amendments to existing standards are effective to the Group for accounting periods beginning on or after 1 April 2018 but did not result in any significant impact on the results and financial position of the Group. No retrospective adjustments are required.

HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKAS 28 (Amendments)	Investment in Associates and Joint Ventures
HKAS 40 (Amendments)	Transfers of Investment Property
Annual improvement project	Annual Improvements 2014-2016 Cycle
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration

3.2 New accounting standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards, amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 April 2019.

		Effective for accounting periods beginning on or after
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation	1 April 2019
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments	1 April 2019
HKFRS 16	Leases	1 April 2019
HKFRS 17	Insurance Contracts	1 April 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate and Joint Venture	To be determined

Except for the HKFRS 16 "Leases" as explained below, the Group is in the process of making an assessment of the impact of these new standards, amendments and interpretation to existing standards upon initial application but not yet in a position to state whether these new standards, amendments and interpretations to existing standards would have any significant impact on its results and operations and financial position.

HKFRS 16 "Leases"

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$212,015 (Note 23(b)).

3.3 Changes in accounting policies

The following explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's financial information and also discloses the new accounting policies that have been applied from 1 April 2018, where they are different to those applied in prior periods.

(a) Impact on financial information

HKFRS 9 was generally adopted without restating comparative information with the exception of certain aspects of hedge accounting. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the consolidated balance sheet as at 31 March 2018, but are recognised in the opening of the interim condensed consolidated statement of financial position on 1 April 2018.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

	Audited 31 March 2018 As originally presented	**HKFRS 9**	**HKFRS 15**	**Unaudited 1 April 2018 Restated**
Consolidated statement of financial position (extract)	*HK$*	*HK$*	*HK$*	*HK$*
Current assets				
Trade and retention receivables	41,015,023	(1,252,933)	–	39,762,090
Contract assets	–	–	5,350,241	5,350,241
Amounts due from customers for contract work	5,350,241	–	(5,350,241)	–
Current liabilities				
Contract liabilities	–	–	8,984,647	8,984,647
Amounts due to customers for contract work	8,984,647	–	(8,984,647)	–
Equity				
Retained earnings	15,466,937	(1,252,933)	–	14,214,004

(b) ***HKFRS 9 Financial Instruments – Impact on adoption***

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial Instruments from 1 April 2018 resulted in changes in accounting policies. The new accounting policies are set out in Note 3.3(c) below.

The total impact on the Group's retained earnings as at 1 April 2018 is as follows:

		2018
	Note	*HK$*
Retained earnings as at 31 March – HKAS 39 (Audited)		15,466,937
Increase in provision for trade and retention receivables	(i)	(1,252,933)
Retained earnings as at 1 April – HKFRS 9 (Unaudited)		14,214,004

(i) *Impairment of financial assets*

The Group has three types of assets that are subject to HKFRS 9's new expected credit loss model.

- Trade and retention receivables
- Contract assets
- Other receivables

The Group was required to revise its impairment methodology under HKFRS 9 for each class of assets. The impact of the change in impairment methodology on the Group's retained earnings and equity is disclosed in the table in Note 3.3(a) above.

The Group has assessed the expected credit loss model applied to other receivables according to change in credit quality since initial recognition and considered the change in methodologies has no significant impact on the Group's condensed consolidated interim financial information.

While cash and cash equivalents is also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade and retention receivables and contract assets

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and retention receivables and contract assets.

To measure the expected credit losses, trade and retention receivables have been grouped based on shared credit risk characteristics and the days past due. On that basis, the loss allowance under the new impairment methodology as at 1 April 2018 was determined according to provision matrix where trade and retention receivables that are less than twelve months overdue are provided for at expected loss rates of approximately 1.3% to 8.5% and trade receivables more than twelve months overdue are approximately 8.5% provided for.

The loss allowances for trade and retention receivables as at 31 March 2018 reconcile to the opening loss allowances on 1 April 2018 is disclosed in Note 11.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade and retention receivables. Since the contract assets are related to contracts which are still in progress and the payment is not due, the expected loss rate of contract assets is assessed to be minimal.

(c) HKFRS 9 Financial Instruments – Accounting policies applied from 1 April 2018

(i) Classification

From 1 April 2018, the Group classifies all its financial assets to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

(iii) Impairment

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and retention receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For the other financial assets, expected credit losses are assessed according to change in credit quality since initial recognition.

(d) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption

The Group has first time adopted HKFRS 15 from 1 April 2018 which resulted in changes in accounting policies. In accordance with the transition provisions of HKFRS 15, the Group has adopted the modified retrospective application and no comparative figures are restated.

HKFRS 15 establishes a new framework for revenue recognition. This replaces HKAS 11 which cover construction contracts. The new standard introduces a five-step model to determine when to recognise revenue and at what amount. Under the five-step model, revenue is recognised when control of goods or services is transferred to a customer and at the amount to which the entity expects to be entitled. Depending on the nature of the contracts, revenue is either recognised over time or at a point in time.

The adoption of HKFRS 15 has no significant impact on the Group's financial position and results of operations based on the current business model, other than presenting additional disclosures.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2018.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities are undertaken by management.

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange, price risk and interest rate risk, credit risk and liquidity risk.)

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2018. There have been no changes in the risk management policies since year end.

(b) Credit risk

Credit risk mainly arises from trade and retention receivables, other receivables and cash and cash equivalents. The carrying amounts of these balances except cash on hand in the condensed consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to its financial assets.

The majority of the Group's bank balances are placed in banks and financial institutions which are independently rated with high credit ratings. Management does not expect any losses from non-performance by these banks and financial institutions as they have no default history in the past.

The credit quality of the debtors is assessed based on their financial positions, past experience and other factors. The Group has policies in place to ensure credit terms are granted to reliable debtors. The Group's historical experience in collection of receivables falls within recorded allowances and the directors are of the opinion that adequate provision for uncollectible receivable has been made.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding from external parties.

The Group's primary cash requirements have been for payments for trade payables, other creditors, accrued liabilities and operating expenses. The Group mainly finances its working capital requirements through internal resources.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient cash balances to meet its liquidity requirements in the short and long-term.

As at 30 September 2018 and 31 March 2018, all of the Group's financial liabilities, including bank borrowings and finance lease payables containing a repayment on demand clause which can be exercised at creditor's sole discretion, were due within 12 months and equal their carrying amounts as the impact of discounting is not significant.

The table below summarises the maturity analysis of bank borrowings and finance lease payables with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreement. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment. The directors believe that such bank borrowings and finance lease payables will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
As at 30 September 2018					
Bank borrowings	688,350	705,219	2,227,794	7,469,995	11,091,358
Finance lease payables	361,538	377,614	129,442	–	868,594
Interest	302,266	269,321	654,745	855,967	2,082,299
	1,352,154	1,352,154	3,011,981	8,325,962	14,042,251
As at 31 March 2018					
Bank borrowings	685,895	701,869	2,211,518	7,832,612	11,431,894
Interest	266,882	250,908	646,813	901,930	2,066,533
	952,777	952,777	2,858,331	8,734,542	13,498,427

5.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital of the Group is calculated as total equity plus total borrowings, if any. The Group monitors capital on the basis of gearing ratio. The gearing ratio is calculated by debt divided by total capital. The gearing ratio at 30 September 2018 and 31 March 2018 were as follows:

	As at 30 September 2018	As at 31 March 2018
	HK$	*HK$*
	(Unaudited)	(Audited)
Bank borrowings	**11,091,358**	11,431,894
Finance lease repayables	**868,594**	–
Total Equity	**79,192,525**	82,750,000
Total capital	**91,152,477**	94,181,894
Gearing ratio	**13.1%**	12.1%

5.3 Fair value estimation

The carrying values of trade and retention receivables, deposits, other receivables, trade payables, accruals and other payables, amount due to the ultimate holding company, bank borrowings and finance lease payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

6 REVENUE AND SEGMENT INFORMATION

	Unaudited			
	Three months ended 30 September		**Six months ended 30 September**	
	2018	2017	**2018**	2017
	HK$	*HK$*	***HK$***	*HK$*
Flooring	**28,288,280**	16,341,585	**51,420,462**	24,094,662
Ancillary services	**1,047,828**	2,563	**1,865,805**	1,141,183
	29,336,108	16,344,148	**53,286,267**	25,235,845

The Executive Directors have been identified as the chief operating decision-makers of the Group who review the Group's internal reporting in order to assess performance and allocate resources. The directors regard the Group's business as a single operating segment and review financial information accordingly.

The Group is principally engaged in the provision of engineering services in flooring, screeding, anti-skid surfacing and concrete repairing. The Group's revenue is recognised over time.

The Group primarily operates in Hong Kong and Macau with most of its non-current assets located in and capital expenditure incurred in Hong Kong. Revenue was earned from customers located in Hong Kong and Macau.

7 INCOME TAX EXPENSE

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is approximately 15.7% for the six months ended 30 September 2018.

In accordance with the two-tiered profits tax regime effective from 1 April 2018, Hong Kong profits tax was calculated at 8.25% on the first HK$2 million and 16.5% on the remaining balance of the estimated assessable profits for the six months ended 30 September 2018.

8 DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2018 (for the same period ended 30 September 2017: nil).

9 EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 September	
	2018	2017
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to owners of the Company	**6,095,458**	(247,182)
Weighted average number of ordinary shares in issue	**600,000,000**	600,000,000
Basic earnings/(loss) per share (HK cents)	**1.02**	(0.04)

No adjustment has been made to the basic earnings/(loss) per share presented for the six months ended 30 September 2018 and 2017 as the Group has no potentially diluted ordinary shares in issue during those periods.

10 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$ (Unaudited)	Furniture and equipment HK$ (Unaudited)	Leasehold improvements HK$ (Unaudited)	Motor vehicles HK$ (Unaudited)	Total HK$ (Unaudited)
Six months ended 30 September 2018					
Opening net book amount	38,639,687	665,396	1,162,448	459,775	40,927,306
Additions	–	849,859	461,960	1,175,688	2,487,507
Depreciation	(659,239)	(262,001)	(226,777)	(254,181)	(1,402,198)
Closing net book amount	37,980,448	1,253,254	1,397,631	1,381,282	42,012,615
Six months ended 30 September 2017					
Opening net book amount	2,956,802	626,256	112,266	–	3,695,324
Additions	30,130,000	261,807	–	229,950	30,621,757
Depreciation	(300,639)	(194,666)	(13,819)	(12,775)	(521,899)
Write-off	–	–	(93,169)	–	(93,169)
Closing net book amount	32,786,163	693,397	5,278	217,175	33,702,013

11 TRADE AND RETENTION RECEIVABLES

	As at 30 September 2018 ***HK$*** **(Unaudited)**	As at 31 March 2018 *HK$* (Audited)
Trade receivables	**30,912,803**	37,146,668
Less: provision for impairment	**(1,326,354)**	(2,227,168)
Trade receivables, net	**29,586,449**	34,919,500
Retention receivables	**8,508,793**	6,095,523
	38,095,242	41,015,023

The credit period granted to trade customers other than for retention receivables is within 30 days. The terms and conditions in relation to the release of retentions varies from contract to contract, which may be subject to practical completion, the expiry of the defect liability period or a pre-agreed time period. The Group does not hold any collateral as security.

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

	As at 30 September 2018 *HK$* (Unaudited)	As at 31 March 2018 *HK$* (Audited)
0-30 days	**11,197,503**	19,470,200
31-60 days	**5,327,064**	2,575,784
61-90 days	**3,529,966**	3,428,050
Over 90 days	**10,858,270**	11,672,634
	30,912,803	37,146,668

The movement in the provision for impairment is as follows:

	Six months ended 30 September	
	2018 *HK$* **(Unaudited)**	2017 *HK$* (Unaudited)
Opening amount	**2,227,168**	1,535,066
Opening loss allowance as at 1 April 2018 – calculated under HKFRS 9	**1,252,933**	–
Write off	**(2,227,168)**	–
Provision for receivables impairment	**73,421**	–
At the end of the period	**1,326,354**	1,535,066

In the condensed consolidated statement of financial position, retention receivables were classified as current assets based on operating cycle. The ageing of the retention receivables based on invoice date is as follows:

	As at 30 September 2018 *HK$* (Unaudited)	As at 31 March 2018 *HK$* (Audited)
Within 1 year	**4,719,741**	3,130,550
Between 1 to 5 years	**3,789,052**	2,964,973
	8,508,793	6,095,523

12 PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 September 2018 *HK$* (Unaudited)	As at 31 March 2018 *HK$* (Audited)
Prepayments	**1,053,783**	1,261,145
Other receivables	**642,298**	98,408
	1,696,081	1,359,553
Less: Non-current portion – Prepayments for non-current assets	**–**	(215,923)
	1,696,081	1,143,630

13 CONTRACTING WORK IN PROGRESS

	As at 30 September 2018 *HK$* (Unaudited)	As at 31 March 2018 *HK$* (Audited)
Contract costs incurred plus attributable profits less foreseeable losses to date	**56,929,230**	34,265,810
Progress billings to date	**(55,245,320)**	(37,900,216)
	1,683,910	(3,634,406)

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade and retention receivables. Since the contract assets are related to contracts which are still in progress and the payment is not due, the expected loss rate of contract assets is assessed to be minimal.

14 CASH AND CASH EQUIVALENTS

	As at 30 September 2018 *HK$* (Unaudited)	As at 31 March 2018 *HK$* (Audited)
Cash at bank and on hand	**14,888,012**	17,977,073
Maximum exposure to credit risk	**14,879,560**	17,966,623

15 SHARE CAPITAL AND RESERVES

	As at 30 September 2018 *HK$* (Unaudited)	As at 31 March 2018 *HK$* (Audited)
Authorised:		
2,000,000,000 shares at HK$0.01 each	**20,000,000**	20,000,000
Issued and fully paid:		
600,000,000 shares at HK$0.01 each	**6,000,000**	6,000,000

16 TRADE PAYABLES

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

	As at 30 September 2018 *HK$* (Unaudited)	As at 31 March 2018 *HK$* (Audited)
0-30 days	**5,873,234**	4,999,918
31-60 days	**3,530,788**	10,516,740
61-90 days	**4,648,253**	599,536
over 90 days	**2,455,537**	308,553
	16,507,812	16,424,747

17 ACCRUALS AND OTHER PAYABLES

	As at 30 September 2018 *HK$* (Unaudited)	As at 31 March 2018 *HK$* (Audited)
Accrued expenses	**1,854,551**	1,503,257
Other payables	**1,502,865**	778,817
	3,357,416	2,282,074

18 BANK BORROWINGS

	As at 30 September 2018	As at 31 March 2018
	HK$	*HK$*
	(Unaudited)	(Audited)
Bank borrowings subject to a repayment on demand clause, secured	**11,091,358**	11,431,894

The fair values of bank borrowings approximate their carrying amounts as the impact of discounting is not significant. As at 30 September 2018, the Group's effective interest rate for bank borrowings was 2.4% per annum.

As at 30 September 2018, bank borrowings were secured by certain of the Group's land and buildings with carrying amount of HK$28,874,583 (31 March 2018: HK$29,376,750).

19 FINANCE LEASE PAYABLES

The Group leased certain of its motor vehicles. The effective interest rate was approximately 4.3% per annum as at 30 September 2018. Interest rates were fixed at the contract date. All leases were on a fixed repayment basis and no arrangement was entered into for contingent rental payments. The finance lease payables were secured by the leased assets with carrying amount of HK$947,815.

20 AMOUNT DUE TO THE ULTIMATE HOLDING COMPANY

The balance is unsecured, interest-free and has no fixed repayment terms. The balance refers to the dividend payable to the ultimate holding company as at 30 September 2018.

21 EXPENSES BY NATURE

	Unaudited			
	Three months ended 30 September		**Six months ended 30 September**	
	2018	2017	**2018**	2017
	HK$	*HK$*	***HK$***	*HK$*
Cost of flooring materials used	**10,359,100**	4,442,080	**20,763,414**	7,267,798
Subcontractor cost	**8,366,788**	6,240,552	**13,805,537**	8,444,504
Employee benefit expenses	**2,985,592**	2,636,667	**6,326,856**	5,252,250
Auditor's remuneration	**200,000**	275,000	**400,000**	450,000

22 FINANCE COST, NET

	Six months ended 30 September	
	2018	2017
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Finance income		
– Interest income on bank deposits	**45**	8
Finance cost		
– Interest on bank borrowings	**(135,852)**	(95,270)
– Interest on finance lease payables	**(29,027)**	–
	(164,879)	(95,270)
Finance cost, net	**(164,834)**	(95,262)

23 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the period but not yet incurred is as follows:

	As at 30 September 2018	As at 31 March 2018
	HK$	*HK$*
	(Unaudited)	(Audited)
Property, plant and equipment	**–**	618,047

(b) Operating lease commitments – Group as leasee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 30 September 2018	As at 31 March 2018
	HK$	*HK$*
	(Unaudited)	(Audited)
Within 1 year	**178,665**	63,000
Later than 1 year and no later than 5 years	**33,350**	–
	212,015	63,000

24 RELATED PARTY TRANSACTIONS

The directors of the Company are of the view that the following individuals were related parties that had transactions or balances with the Group.

Related parties	**Relationship with the Group**
Mr. Kwong	Controlling shareholder and executive director of the Company
Ms. Li Chuen Chun ("Mrs. Kwong")	Spouse of Mr. Kwong
Ms. Kwong Wing Yan ("Ms. Kwong")	Daughter of Mr. Kwong
Mr. Yip Kong Lok ("Mr. Yip")	Executive director of the Company

During the six months ended 30 September 2017 and 2018, the Group had the following transactions with its related parties:

	Six months ended 30 September	
	2018	2017
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Rental expenses paid in relation to rental contract entered into with:		
Mrs. Kwong and Ms. Kwong	**11,100**	60,000
Mr. Kwong and Mr. Yip	**–**	24,000

These transactions were entered into at terms mutually agreed with the directors or the related parties in the ordinary course of the Group's business.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Group is principally engaged in the Hong Kong car park flooring industry. We provide (i) flooring services, which involve the application of proprietary floor coating products for the purpose of providing a colorful, slip-resistance, hard wearing surface that is resistant against water and petrochemicals; and (ii) ancillary services, which include concrete repairing and wall painting work in Hong Kong. Our target segment range from mid to high end projects in the car park flooring market.

During the six months ended 30 September 2018, the Group recorded revenue of approximately HK$53.3 million, or the increase of 111.5% as compared with approximately HK$25.2 million for the same period of last year, which increased the Group's net profit to approximately HK$6.1 million for the six months ended 30 September 2018. The increase of revenue was mainly due to (i) the significant number of contracts under progress carried from the year ended 31 March 2018; and (ii) the increase in the number of projects undertaken by the Group during the six months ended 30 September 2018.

Revenue

The revenue, which is principally generated from the provision of car park flooring services for construction projects, increased to approximately HK$53.3 million or 111.5%, for the six months ended 30 September 2018 from approximately HK$25.2 million for the six months ended 30 September 2017.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately HK$8.8 million, or 107.3% from approximately HK$8.2 million for the six months ended 30 September 2017 to approximately HK$17.0 million for the six months ended 30 September 2018. The gross profit margin of the Group was approximately 31.9% for the six months ended 30 September 2018 and 32.5% for the six months ended 30 September 2017.

General and administrative expenses

General and administrative expenses of the Group increased by approximately HK$1.3 million from approximately HK$8.4 million for the six months ended 30 September 2017 to approximately HK$9.7 million for the six months ended 30 September 2018. The increase was attributable to the increase in staff cost and the depreciation during the six months ended 30 September 2018. General and administrative expenses consist primarily of staff cost, depreciation, professional fee, rental expenses and other general administrative expenses.

Income tax expense

Income tax expense for the Group was approximately HK$1.1 million for the six months ended 30 September 2018 (30 September 2017: nil) which the Hong Kong profits tax was calculated at 8.25% on the first HK$2 million and 16.5% of the remaining balance of the estimated assessable profits for the six months ended 30 September 2018.

Profit/(loss) attributable to owners of the Company

The net profit attributable to owners of the Company was approximately HK$6.1 million for the six months ended 30 September 2018, as compared to loss of approximately HK$0.2 million recorded for the same period ended 30 September 2017. The turnaround from loss to profit was primarily attributable to the substantial increase of revenue for the six months ended 30 September 2018.

OUTLOOK

Looking forward, the Directors still consider that the future opportunities and challenges facing the Group will continue to be affected by (i) the development of the property market; (ii) the construction schedule of our main contractors who are mainly property developers; and (iii) the factors affecting the labour and material costs as well as our contract price.

The Group will continue to explore new business opportunities through the existing network, industry exhibitions and advertisements in industry magazines. In order to broaden our customer base and strengthen the income stream, the management also keeps track of any new construction projects and explores any business opportunities in car park flooring markets outside Hong Kong. During the six months ended 30 September 2018, we had secured a project with approximately Macau Pataca 16.5 million in Macau which commenced in October 2018.

In addition of our extensive experience and reputation in the car park flooring industry, we believe that we will achieve continuous growth for the Group and create reasonable return for our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's current ratio was approximately 2.04 times as at 30 September 2018 compared to approximately 2.49 times at 30 September 2017. As at 30 September 2018, the Group had cash and bank balances of approximately HK$14.9 million (30 September 2017: approximately HK$28.3 million).

The total interest-bearing borrowings of the Group as at 30 September 2018 was approximately HK$12.0 million (30 September 2017: approximately HK$11.8 million). The borrowings were secured by the Group's certain assets with carrying amount of approximately HK$29.8 million as at 30 September 2018 (30 September 2017: approximately HK$29.9 million).

As at 30 September 2018, the Group had total assets of approximately HK$115.4 million (30 September 2017: approximately HK$104.1 million) which is financed by total liabilities and total equity of approximately HK$36.2 million (30 September 2017: approximately HK$28.2 million) and approximately HK$79.2 million (30 September 2017: approximately HK$75.9 million) respectively.

The Group's borrowings and most of the bank balances are denominated in Hong Kong dollars and there were no significant exposure exchange rate fluctuations during the reporting period.

GEARING RATIO

The gearing ratio of the Group decreased mildly from approximately 13.4% as at 30 September 2017 to approximately 13.1% as at 30 September 2018.

The gearing ratio is calculated based on the total interest-bearing borrowings divided by the total capital of approximately HK$91.2 million as at 30 September 2018 (30 September 2017: approximately HK$87.6 million).

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group since its shares were listed on GEM on 13 October 2016. The share capital of the Company only comprises of ordinary shares.

As at 30 September 2018, the Company's issued share capital was HK$6,000,000 and the number of its issued ordinary shares was 600,000,000 of HK$0.01 each.

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

There was no significant investment held by the Group nor any material acquisition or disposal of subsidiary, associate and joint venture for the six months ended 30 September 2018.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at the date of this report, the Board does not have any plan for material investments or additions of capital assets.

RISK OF FOREIGN EXCHANGE FLUCTUATIONS

The Group operates in Hong Kong and Macau and majority of transactions are denominated in Hong Kong dollars and Macau Pataca. For the six months ended 30 September 2018, the Group mainly uses Hong Kong dollars and Macau Pataca to carry out its business transactions. The Board considers that the risk of foreign exchange fluctuations to the Group is insignificant.

TREASURY POLICY

The Group adopted a prudent financial management approach towards its treasury policies and maintained a healthy liquidity position throughout the reporting period. 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 commitments can meet its funding requirements from time to time.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2018, the Group had 28 employees in total (30 September 2017: 27 employees). The staff costs of the Group (including directors' emoluments and management, administrative and operational staff costs) for the six months ended 30 September 2018 were approximately HK$6.3 million (30 September 2017: approximately HK$5.3 million).

The Group remunerates its employees based on their performance, working experience and with reference to the prevailing market conditions. On top of basic remuneration, discretionary bonus may be granted to senior management and staff members by reference to the Group's performance as well as individual's performance. Other staff benefits include medical benefits, mandatory provident fund and sponsorship of training courses.

COMMITMENTS AND CONTINGENT LIABILITY

As at 30 September 2018, the Group did not have any significant contingent liabilities (30 September 2017: approximately HK$1.95 million). For details regarding the operating lease commitments, please refer to note 23(b) to the condensed consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any events after the reporting period that requires disclosure.

DISCLOSURE OF INTERESTS

(A) Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company or any associated corporation

As at 30 September 2018, the interests or short positions of the Directors, chief executives officer of the Company in the shares (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

Long position in the Shares

Name of Director	Nature of interest	Number of shares held or interested	Percentage of shareholding
Mr. Kwong Chi Man ("Mr. Kwong")	Interest in controlled corporation *(Note 1)*	375,750,000	62.63%

Note:

1. *Mr. Kwong beneficially owns 70% of the issued share capital of Sage City Investments Limited ("Sage City"), the beneficial owner holding 62.63% shareholding in the Company. Therefore, Mr. Kwong is deemed to be interested in all the Shares which are beneficially owned by Sage City for the purpose of the SFO. Mr. Kwong is the chairman, an executive Director of the Company and a director of Sage City.*

Long position in the shares of associated corporation

Name of Director	Nature of interest	Number of shares held or interested in associated corporation	Percentage of interest in associated corporation
Mr. Yip Kong Lok ("Mr. Yip")	Beneficial owner *(Note 2)*	3,000 shares in Sage City	30% in Sage City

Note:

2. *Mr. Yip is an executive Director of the Company.*

Save as disclosed above, as at 30 September 2018, none of the Directors or chief executive officer of the Company had any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

(B) Substantial Shareholders' interest and other persons' interest and short positions in the shares and underlying shares and debenture of the Company

So far as the Directors were aware, as at 30 September 2018, the following persons (other than the Director or chief executive officer of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or who recorded in the register of interests required to be kept under Section 336 of the SFO:

Long Position in the Shares

Name	**Nature of interest**	**Number of shares held or interested**	**Percentage of shareholding**
Sage City	Beneficial interest *(Note 1)*	375,750,000	62.63%
Ms. Li Chuen Chun	Interest of spouse *(Note 2)*	375,750,000	62.63%

Notes:

1. Sage City is a company incorporated in the British Virgin Islands and is owned by Mr. Kwong and Mr. Yip as to 70% and 30%, respectively. Mr. Kwong is the chairman, an executive Director of the Company and a director of Sage City. Mr. Yip is an executive Director of the Company.

2. Ms. Li Chuen Chun is the spouse of Mr. Kwong and is deemed to be interested in all the Shares in which Mr. Kwong is interested for the purposes of the SFO.

Save as disclosed above, as at 30 September 2018, the Directors were aware that any persons (other than the Directors or chief executive officer of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were required to be recorded in the register of interests required to be kept under section 336 of the SFO.

COMPETING INTERESTS

Other than members of the Group, none of the Directors or the controlling shareholders of the Company, neither themselves nor their respective close associates (as defined in the GEM Listing Rules) had interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group during the six months ended 30 September 2018.

INTERESTS OF COMPLIANCE ADVISER

As notified by compliance adviser of the Company, Alliance Capital Partners Limited ("**ACP**"), as at 30 September 2018, save as the compliance adviser agreement entered into between the Company and ACP dated 17 June 2016, neither ACP nor its directors, employees or associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

CORPORATE GOVERNANCE PRACTICE AND COMPLIANCE

The Company has complied with the principles and applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 15 of the GEM Listing Rules for the six months ended 30 September 2018, except the deviation from CG Code provision A.2.1.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Mr. Kwong Chi Man is the chairman and the chief executive officer of the Company. Mr. Kwong has been the key leadership figure of the Group for over 15 years and is well recognised in the car park flooring industry in Hong Kong. Mr. Kwong has been primarily involved in the overall business development, technical operations and strategic planning of the Group. The Directors are of the view that it would be in the Group's best interest for Mr. Kwong to continue performing the two roles in terms of effective management and business development. The Directors further believe that the balance of power and authority is adequately ensured by the operations of the Board, which comprises experienced and high-caliber individuals, with three of them being independent non-executive Directors.

Based on the above factors, the Board considers that the deviation from the code provision A.2.1 of the CG Code is appropriate.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares (the "**Code of Conduct**"). Having made specific enquiries to all Directors, each of them has confirmed that he/she has fully complied with the required standard of dealings set out in the Code of Conduct during the six months ended 30 September 2018.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares during the six months ended 30 September 2018.

DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2018 (for the six months ended 30 September 2017: nil).

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "Scheme") on 24 September 2016. 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 30 September 2018.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") on 24 September 2016 with its written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system, nominate and monitor external auditors and to provide advice and comments to the Board on matters related to corporate governance. The Audit Committee consists of three members, being Mr. Law Pui Cheung, Ms. Yu Wan Wah Amparo and Mr. Wat Danny Hiu Yan. Mr. Law Pui Cheung currently serves as the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited consolidated financial statements of the Group for the six months ended 30 September 2018. The Audit Committee is of the opinion that the unaudited consolidated financial statements of the Group for the six months ended 30 September 2018 comply with the applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

By order of the Board
Kwong Man Kee Group Limited
Mr. Kwong Chi Man
Chairman and Executive Director

Hong Kong, 9 November 2018

As at the date of this announcement, the executive Directors are Mr. Kwong Chi Man, Mr. Yip Kong Lok and Mr. Yip Wai Man and the independent non-executive Directors are Ms. Yu Wan Wah Amparo, Mr. Law Pui Cheung and Mr. Wat Danny Hiu Yan.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and the Company's website at www.kmk.com.hk.