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## **LKS HOLDING GROUP LIMITED**

### **樂嘉思控股集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8415)**

#### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017**

#### **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 high 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 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 LKS Holding Group Limited (the “Company”) collectively and individually accept full responsibility, 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. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this announcement misleading.*

*This announcement will remain on the website of the Stock Exchange at <http://www.hkexnews.hk> on the “Latest Company Announcements” page for at least 7 days from the date of its posting and will be published on the Company’s website at [www.ampleconstruction.com.hk](http://www.ampleconstruction.com.hk).*

## FINAL RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2017, together with the comparative figures for the year ended 31 March 2016.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2017*

	<i>Notes</i>	<b>2017</b> <b>HK\$'000</b>	2016 HK\$'000
Revenue	5	<b>165,715</b>	140,719
Direct costs		<u><b>(127,146)</b></u>	<u>(110,777)</u>
Gross profit		<b>38,569</b>	29,942
Other income, other gains and losses, net	6	<b>(350)</b>	(962)
Administrative and other operating expenses		<b>(19,603)</b>	(15,818)
Finance costs	7	<u><b>(599)</b></u>	<u>(137)</u>
Profit before tax	8	<b>18,017</b>	13,025
Income tax expense	9	<u><b>(4,807)</b></u>	<u>(2,958)</u>
<b>Profit and total comprehensive income for the year</b>		<u><b>13,210</b></u>	<u>10,067</u>
<b>Profit and total comprehensive income for the year attributable to:</b>			
Owners of the Company		<b>13,210</b>	9,957
Non-controlling interests		<u>–</u>	<u>110</u>
		<u><b>13,210</b></u>	<u>10,067</u>
<b>Earnings per share</b>			
– Basic and diluted (HK cents)	11	<u><b>1.47</b></u>	<u>1.19</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	<i>Notes</i>	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Non-current assets</b>			
Plant and equipment		775	424
Deposits and prepayments for life insurance policies		<u>2,807</u>	<u>2,725</u>
		<u>3,582</u>	<u>3,149</u>
<b>Current assets</b>			
Trade and other receivables	12	30,057	35,277
Amounts due from customers for contract work		31,363	4,761
Amounts due from related parties		28	3,732
Held-for-trading investments		13	10
Pledged bank deposit		3,000	–
Bank balances and cash		<u>36,264</u>	<u>7,209</u>
		<u>100,725</u>	<u>50,989</u>
<b>Total assets</b>		<u>104,307</u>	<u>54,138</u>
<b>Current liabilities</b>			
Trade and other payables	13	9,881	7,862
Derivative financial instruments		235	783
Amounts due to customers for contract work		3,725	15,411
Amount due to a related party		–	2,429
Borrowings		6,483	2,205
Obligations under finance leases		–	102
Current tax liabilities		<u>1,004</u>	<u>1,545</u>
		<u>21,328</u>	<u>30,337</u>
<b>Net current assets</b>		<u>79,397</u>	<u>20,652</u>
<b>Total assets less current liabilities</b>		<u>82,979</u>	<u>23,801</u>

	<i>Notes</i>	<b>2017</b> <b>HK\$'000</b>	2016 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Derivative financial instruments		–	168
Obligations under finance leases		–	149
		<u>–</u>	<u>149</u>
		–	317
		<u>–</u>	<u>317</u>
<b>Net assets</b>		<b><u>82,979</u></b>	<b><u>23,484</u></b>
<b>Capital and reserves</b>			
Share capital		<b>11,200</b>	2
Reserves		<b>71,779</b>	23,482
		<u>71,779</u>	<u>23,482</u>
Equity attributable to owners of the Company		<b>82,979</b>	23,484
Non-controlling interests		–	–
		<u>–</u>	<u>–</u>
<b>Total equity</b>		<b><u>82,979</u></b>	<b><u>23,484</u></b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Special reserve	Retained profits	Subtotal		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2015	1,007	–	–	12,651	13,658	(242)	13,416
Profit and total comprehensive income for the year	–	–	–	9,957	9,957	110	10,067
Issue of shares of a subsidiary	1	–	–	–	1	–	1
Effect of reorganisation	(1,006)	–	874	–	(132)	132	–
Balance at 31 March 2016	2	–	874	22,608	23,484	–	23,484
Profit and total comprehensive income for the year	–	–	–	13,210	13,210	–	13,210
Dividends recognised as distribution (Note 10)	–	–	–	(18,000)	(18,000)	–	(18,000)
Effect of reorganisation	(2)	–	2	–	–	–	–
Capitalisation issue	8,400	(8,400)	–	–	–	–	–
Issue of shares by placing	2,800	68,600	–	–	71,400	–	71,400
Transaction costs attributable to issue of shares	–	(7,115)	–	–	(7,115)	–	(7,115)
Balance at 31 March 2017	<u>11,200</u>	<u>53,085</u>	<u>876</u>	<u>17,818</u>	<u>82,979</u>	<u>–</u>	<u>82,979</u>

## NOTES:

### 1. GENERAL INFORMATION

LKS Holding Group Limited (the “Company”) was incorporated in the Cayman Islands on 11 February 2016 as an exempted company with limited liability. The shares of the Company have been listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 12 January 2017 (the “Listing Date”).

The addresses of the registered office and the principal place of business of the Company are P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and Unit 1310, Eastern Harbour Centre, No. 28 Hoi Chak Street, Quarry Bay, Hong Kong respectively.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) is principally engaged in the provision of interior fitting-out, renovation, alteration and addition works services and interior design services.

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

### 2. BASIS OF PRESENTATION

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company’s shares on the GEM of the Stock Exchange (the “Reorganisation”), the group entities were collectively controlled by Mr. Cheung Ka Yan (“Mr. Cheung”), the spouse of Ms. Wong Wan Sze, an executive director of the Company, and Mr. Lam Shui Wah (“Mr. Lam”), an executive director of the Company. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 20 December 2016. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the years presented. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. Cheung and Mr. Lam prior to and after the Reorganisation.

The consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the years presented in accordance with Accounting Guideline 5 “*Merger Accounting for Common Control Combinations*” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years presented, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the years presented, or since their respective dates of incorporation, where this is a shorter period. The consolidated statement of financial position 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 had been in existence at that date.

### 3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

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

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

#### New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle <sup>5</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>2</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers <sup>2</sup>
Amendments to HKAS 7	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>
Amendments to HKAS 40	Transfers of Investment Property <sup>2</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2017.
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2018.
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2019.
- <sup>4</sup> Effective for annual periods beginning on or after a date to be determined.
- <sup>5</sup> Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

The Directors anticipate that the application of the new and amendments to HKFRSs will have no material impact on the Group's consolidated financial statements.

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statement.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

#### **5. REVENUE AND SEGMENT INFORMATION**

HKFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker (the "CODM"), for the purpose of resources allocation and performance assessment. The CODM assess the operating performance and allocates the resources of the Group as a whole as the Group is primarily engaged in the provision of interior fitting-out, renovation, alteration and addition work services and interior design services. Therefore, the management considers that the Group only has one operating segment.

The CODM reviews the overall results and financial position of the Group as a whole based on the same significant accounting policies of the Group and no further analysis for segment information is presented.



## Revenue from major services

The Group's revenue from its major services are as follows:

	Year ended 31 March	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fitting-out and renovation services	77,404	94,644
Alteration and addition works services	80,062	39,130
Interior design services	8,249	6,945
	<u>165,715</u>	<u>140,719</u>

## Geographical information

The Company is domiciled in the Cayman Islands with the Group's major operations located in Hong Kong. All of the Group's revenue from external customers during the years ended 31 March 2017 and 2016 are derived from Hong Kong, the place of domicile of the Group's operating subsidiaries. All the non-current assets of the Group are located in Hong Kong. Accordingly, no geographical information is presented.

## Information about major customers

Revenue from customers contributing over 10% of the Group's total revenue are as follows:

	Year ended 31 March	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	30,201	N/A <sup>1</sup>
Customer B	17,435	N/A <sup>1</sup>
Customer C	17,018	N/A <sup>1</sup>
Customer D	N/A <sup>1</sup>	55,415
Customer E	N/A <sup>1</sup>	19,119

<sup>1</sup> The corresponding revenue did not contribute over 10% of the Group's total revenue.

## 6. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	Year ended 31 March	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Other income</b>		
Bank interest income	–	2
Dividend income from listed equity securities	–	1
Interest income on deposits and prepayments for life insurance policies	82	68
Sundry income	33	–
	<u>115</u>	<u>71</u>
<b>Other gains and losses, net</b>		
Loss arising on change in fair value of derivative financial instruments	(515)	(1,030)
Gain/(loss) arising on change in fair value of held-for-trading investments	3	(3)
Gain on disposal of plant and equipment	47	–
	<u>(465)</u>	<u>(1,033)</u>
	<u><b>(350)</b></u>	<u><b>(962)</b></u>

## 7. FINANCE COSTS

	Year ended 31 March	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowings and overdrafts	562	124
Interest on obligations under finance leases	37	13
	<u>599</u>	<u>137</u>

## 8. PROFIT BEFORE TAX

**Year ended 31 March**  
**2017**                      **2016**  
**HK\$'000**                      **HK\$'000**

Profit before tax has been arrived at after charging/(crediting):

Auditors' remuneration	<b>600</b>	100
Depreciation of plant and equipment	<b>349</b>	252
Impairment loss recognised on trade receivables	<b>1,304</b>	718
Listing expenses	<b>8,545</b>	4,512
Net foreign exchange losses	<b>3</b>	34
Operating lease payments in respect of rented premises	<b>479</b>	425
Reversal of impairment loss recognised on trade receivables	<b>(543)</b>	(77)
Employee benefits expense:		
Salaries and other benefits	<b>11,392</b>	9,828
Contributions to retirement benefit scheme	<b>366</b>	325
Total employee benefits expense, including directors' emoluments	<b>11,758</b>	10,153

During the year ended 31 March 2017, total employee benefits expense amounting to approximately HK\$6,444,000 (2016: HK\$5,257,000) was included in direct costs and amounting to approximately HK\$5,314,000 (2016: HK\$4,896,000) was included in administrative and other operating expenses.

## 9. INCOME TAX EXPENSE

**Year ended 31 March**  
**2017**                      **2016**  
**HK\$'000**                      **HK\$'000**

Hong Kong Profits Tax:		
– Current income tax	<b>4,570</b>	2,945
– Under-provision in prior years	<b>237</b>	13
Total income tax recognised in profit or loss	<b>4,807</b>	2,958

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits arising in or derived from Hong Kong for the both years.

## 10. DIVIDENDS

<b>Year ended 31 March</b>	
<b>2017</b>	<b>2016</b>
<b>HK\$'000</b>	<b>HK\$'000</b>

Dividends recognised as distribution	<b>18,000</b>	<b>–</b>
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The dividends of HK\$18,000,000 declared and paid for the year ended 31 March 2017 represented the dividends paid by the Company to its then equity owners in December 2016. The rate of dividend and the number of shares ranking for dividend are not presented as such information is not meaningful for the preparation of the consolidated financial statements.

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: Nil).

## 11. EARNINGS PER SHARE

<b>Year ended 31 March</b>	
<b>2017</b>	<b>2016</b>
<b>HK\$'000</b>	<b>HK\$'000</b>

### **Earnings**

Profit for the year attributable to owners of the Company  
for the purpose of basic earnings per share

<b>13,210</b>	<b>9,957</b>
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<b>2017</b>	<b>2016</b>
<b>'000</b>	<b>'000</b>

### **Number of shares**

Weighted average number of ordinary shares for the purpose  
of basic earnings per share

<b>900,603</b>	<b>840,000</b>
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The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2017 was derived from 840,000,000 ordinary shares (comprising 20,000 ordinary shares in issue and 839,980,000 ordinary shares issued under the capitalisation issue), as if these 840,000,000 ordinary shares were outstanding throughout the year and the effect of placing by the Company.

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2016 was derived from 840,000,000 ordinary shares (comprising 20,000 ordinary shares in issue and 839,980,000 ordinary shares to be issued under the capitalisation issue), as if these 840,000,000 ordinary shares were outstanding throughout the year.

The diluted earnings per share is equal to the basic earnings per share as there is no dilutive potential ordinary share in issue during years ended 31 March 2017 and 2016.

## 12. TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2017	2016
	HK\$'000	HK\$'000
Trade receivables	21,342	24,786
Less: Allowance for doubtful debts	(1,926)	(1,165)
	<u>19,416</u>	<u>23,621</u>
Retention receivables	9,454	10,650
Other receivables, prepayments and deposits	1,187	1,006
	<u>30,057</u>	<u>35,277</u>

The Group allows a credit period ranging from 7 to 30 days to its customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The ageing analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date, at the end of the reporting period, is as follows:

	As at 31 March	
	2017	2016
	HK\$'000	HK\$'000
0 – 30 days	15,313	17,130
31 – 60 days	2,434	4,451
61 – 90 days	296	458
91 – 180 days	1,126	1,245
Over 180 days	247	337
	<u>19,416</u>	<u>23,621</u>

As at 31 March 2017, retentions held by customers for contract work amounted to approximately HK\$9,454,000 (2016: HK\$10,650,000). Retention monies withheld by customers of contract works are released after the completion of defects liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts.

Except for retention receivables of approximately HK\$909,000 (2016: HK\$4,205,000), which are expected to be recovered after one year, all of the remaining retention receivables are expected to be recovered within one year. No retention receivables were past due as at 31 March 2017 (2016: Nil).

### 13. TRADE AND OTHER PAYABLES

	As at 31 March	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	7,166	5,304
Other payables and accruals	2,715	2,558
	<u>9,881</u>	<u>7,862</u>

The credit period on trade payables are generally 0 to 30 days.

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

	As at 31 March	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	4,305	3,296
31 – 60 days	384	1,304
61 – 90 days	670	190
91 – 180 days	579	488
Over 180 days	1,228	26
	<u>7,166</u>	<u>5,304</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

The Group is a main contractor capable of (i) interior fitting-out and renovation services; and (ii) alteration and addition works for residential, industrial and commercial properties in Hong Kong. The Group has been running its business since 2005 and gained extensive experience and reputation in the industry. Ample Construction Company Limited (“Ample Construction”), its principal operating subsidiary for the contracting businesses, has been registered as the Registered General Building Contractor under the Building Authority since 2006 and is approved to carry out A&A works, including general building works and street works under the Buildings Ordinance. Ample Design Company Limited, the design department of the Group, provides interior design services to clients.

The fitting-out and renovation services the Group offers mainly include interior fitting-out and renovation works for shops and offices in commercial and industrial properties and residential premises. For A&A works, the scope of works was generally structural alterations, structural steel, signage works, building maintenance, refurbishment works and ground improvement.

For building services engineering projects, the Group is required to complete the engineering works in relation to the installation and/or upgrade of building services systems as set out in the scope of work under the contract. For maintenance projects, the Group is required to provide maintenance services for existing building services systems of a property or portfolio of properties over a fixed contract period. Such maintenance services include regular check and maintenance, and emergency call-out service for emergency repair.

The Group experienced an increase in revenue and net profit for the year ended 31 March 2017 compared to the same period last year. The Directors consider that the increase was mainly due to an increase in the alteration and addition works services projects provided by the Group and the increase in number of contracting projects undertaking by the Group during the year.

Looking forward, the Directors consider that the future opportunities and challenges which the Group faces will be affected by the development of the property market in Hong Kong as well as factors affecting the labour costs and material costs. The Directors are of the view that the number of properties to be built and maintained in Hong Kong is the key driver for the growth of the Hong Kong A&A, interior fitting-out & renovation industry.

With the Group’s experienced management team and reputation in the market, the Directors consider that the Group is well-positioned to compete against its competitors under such future challenges that are commonly faced by all competitors, and the Group will continue to pursue the following key business strategies.

## **FINANCIAL REVIEW**

### **Revenue**

The revenue increased from approximately HK\$140.7 million for the year ended 31 March 2016 to approximately HK\$165.7 million for the year ended 31 March 2017, representing a growth of approximately HK\$25.0 million or 17.8%. Such increase was mainly due to an increase in the alteration and addition works services projects provided by the Group and the increase in number of contracting projects undertaking by the Group during the year.

### **Direct Costs**

The direct costs increased from approximately HK\$110.8 million for the year ended 31 March 2016 to approximately HK\$127.1 million for the year ended 31 March 2017, representing an increase of approximately HK\$16.3 million or 14.8%. Such increase was mainly attributable to the increase in the subcontracting charges with the increase in the number of contracting projects undertaking by the Group during the year.

### **Gross Profit**

Gross profit of the Group increased by approximately 28.8% from approximately HK\$29.9 million for the year ended 31 March 2016 to approximately HK\$38.6 million for the year ended 31 March 2017. The increase was mainly driven by the increase in revenue for the year ended 31 March 2017 as discussed above.

### **Listing Expenses**

During the year ended 31 March 2017, the Group recognised non-recurring listing expenses of approximately HK\$8.5 million (2016: HK\$4.5 million) as expenses in connection with the Listing.

### **Administrative and other Operating Expenses**

Administrative and other operating expenses of the Group increased by approximately 23.9% from approximately HK\$15.8 million for the year ended 31 March 2016 to approximately HK\$19.6 million for the year ended 31 March 2017. Administrative and other operating expenses primarily consist of rental expenses, staff costs and professional fees. The increase was attributable to the non-recurring listing expenses and the increase in rental expenses, staff salary, and bonus due to business expansion during the year.



## **Finance Costs**

Finance costs of the Group increased by approximately 337.2% from approximately HK\$0.1 million for the year ended 31 March 2016 to approximately HK\$0.6 million for the year ended 31 March 2017. Finance costs consist of interest on bank borrowings and overdrafts and interest on obligations under finance leases. The increase was mainly due to the increase in bank loans – secured during the year.

## **Income Tax Expense**

Income tax expense for the Group increased by approximately 62.5% from approximately HK\$3.0 million for the year ended 31 March 2016 to approximately HK\$4.8 million for the year ended 31 March 2017. The increase was mainly due to the increase in profit before tax.

## **Profit and Total Comprehensive Income for the year attributable to owners of the Company**

Profit and total comprehensive income for the year attributable to owners of the Company increased by approximately 32.7% from approximately HK\$10.0 million for the year ended 31 March 2016 to approximately HK\$13.2 million for the year ended 31 March 2017.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 March 2017, the Group had total assets of approximately HK\$104.3 million (2016: HK\$54.1 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK\$21.3 million (2016: HK\$30.7 million) and approximately HK\$83.0 million (2016: HK\$23.5 million), respectively.

The total interest-bearing borrowings (interest-bearing bank borrowings and bank overdrafts) of the Group as at 31 March 2017 were approximately HK\$6.5 million (2016: HK\$2.2 million), and current ratio as at 31 March 2017 was approximately 4.7 times (2016: 1.7 times).

The amounts payable under finance leases with one year of the Group as at 31 March 2017 is nil (2016: HK\$0.1 million) and the amounts payable under finance leases in the second to fifth years inclusive of the Group as at 31 March 2017 is nil (2016: HK\$0.2 million).

Majority of the Group's borrowings and bank balances are denominated in Hong Kong Dollars and there was no significant exposure to foreign exchange rate fluctuations during the year.

## **GEARING RATIO**

The gearing ratio of the Group as at 31 March 2017 was approximately 7.8% (2016: approximately 9.4%), which remained low as the Group was not in need of any material debt financing during the year.

The gearing ratio is calculated based on the total loans and borrowings (interest-bearing bank borrowings and bank overdrafts) divided by total equity as at the respective reporting date.

## **TREASURY POLICY**

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

## **CHARGE ON GROUP ASSETS**

As at 31 March 2017, the Group pledged its bank deposits to a bank of approximately HK\$3.0 million as collateral to secure banking facilities granted to the Group (2016: Nil).

As at 31 March 2017, the Group pledged its life insurance policies to a bank of approximately HK\$2.8 million to secure the banking facilities granted to the Group (2016: HK\$2.7 million).

Save for the above disclosed, the Group did not have any charges on its assets.

## **FOREIGN EXCHANGE EXPOSURE**

All of the revenue-generating operations and borrowings of the Group were transacted in Hong Kong Dollars which is the presentation currency of the Group. For the year ended 31 March 2017, there was no significant exposure to foreign exchange rate fluctuations and the Group had not maintained any hedging policy against the foreign currency risk. The management will consider hedging significant currency exposure should the need arise.

## **CAPITAL STRUCTURE**

The shares of the Company were successfully listed on the GEM of the Stock Exchange on 12 January 2017. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 31 March 2017, the Company's issued share capital was HK\$11.2 million and the number of its issued ordinary shares was 1,120,000,000 of HK\$0.01 each.

## **COMMITMENTS**

The Group did not have any capital commitment as at 31 March 2017 (2016: Nil).

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in the prospectus of the Company dated 30 December 2016 (the "Prospectus") and in this announcement, the Group did not have other plans for material investments or capital assets as of 31 March 2017.

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

During the financial year ended 31 March 2017, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures saved for those related to the corporate reorganisation (as detailed in the Prospectus).

## **CONTINGENT LIABILITIES**

Certain customers of construction contracts undertaken by the Group require Ample Construction to issue guarantees for the performance of contract works in the form of surety bonds of approximately HK\$2,844,000 (2016: HK\$2,984,000) as at 31 March 2017. Ample Construction, Ample Group Limited, a company wholly-owned by Mr. Cheung and Mr. Lam and/or Mr. Cheung and Mr. Lam, have unconditionally and irrevocably agreed to indemnify to the insurance companies that issue such surety bonds for claims and losses the insurance companies may incur in respect of the bonds. The surety bonds will be released when the contracts are completed or substantially completed pursuant to the relevant contract.

## USE OF PROCEEDS

The net proceeds from the Listing, after deducting listing related expenses, were approximately HK\$51.2 million. After the Listing, a part of these proceeds have been applied for the purposes in accordance with the future plans and use of proceeds as set out in the Prospectus.

An analysis of the utilisation of the net proceeds from the Listing as at 31 March 2017 is set out below:

	<b>Planned use of net proceeds as stated in the Prospectus up to 31 March 2017 <i>HK\$'000</i></b>	<b>Actual use of net proceeds up to 31 March 2017 <i>HK\$'000</i></b>
Participate further in large scale fitting-out, renovation and A&A projects and enlarge the market share in HK	1,400	8,500
Participate in competitions and exhibitions to promote and develop interior design and fitting-out business	200	Nil
Expand our manpower for projects execution and strengthen the skills of the Group's staff	300	163
Strengthen business development and quantity surveying and enhance marketing resources	900	28
General working capital	5,000	5,000

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

## RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2017 are set out in the consolidated statement of profit or loss and other comprehensive income of this announcement. The state of affairs of the Group as at 31 March 2017 are set out in the consolidated statement of financial position of this announcement. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2017.

## **CORPORATE GOVERNANCE PRACTICES**

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the "Code") set out in Appendix 15 of the GEM Listing Rules since the Listing Date up to the date of this announcement. To the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the Code.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 31 March 2017.

## **MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the "Required Standard of Dealing").

Following specific enquiries to all the Directors, each of them has confirmed that they have complied with the Required Standard of Dealing during the year ended 31 March 2017.

## **Audit Committee**

The audit committee of the Company (the "Audit Committee") was established on 23 December 2016. The chairman of the Audit Committee is Ms. Tsang Ngo Yin, the independent non-executive Director, and other members included Mr. Ng Man Wai and Mr. Wu Wai Ki, the independent non-executive Directors.

The core duties of the Audit Committee are review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 March 2017.

## **REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT**

The financial information has been reviewed by the Audit committee.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2017 as set out in the preliminary announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

## **APPRECIATION**

The Company would like to thank the Group's customers, suppliers, business partners for their support. Also, the Company would like to offer its highest gratitude to its shareholders for their devotion and to the Group's employees for their loyalty and contributions made during the year.

By order of the Board  
**LKS Holding Group Limited**  
**Wong Wan Sze**  
*Chairman and Executive Director*

Hong Kong, 22 June 2017

*As at the date of this announcement, the Board comprises Ms. Wong Wan Sze and Mr. Lam Shui Wah as executive Directors; and Mr. Ng Man Wai, Mr. Wu Wai Ki and Ms. Tsang Ngo Yin as independent non-executive Directors.*