WING CHI HOLDINGS LIMITED
榮智控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 6080)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

The board of directors (the "**Board**") of Wing Chi Holdings Limited (the "**Company**") is pleased to announce the consolidated financial statements of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2019 as follows:

FINANCIAL HIGHLIGHTS

1. Revenue was approximately HK$392.5 million for the year ended 31 March 2019, representing a decrease of approximately 26.7% as compared with the same for the year ended 31 March 2018.

2. Gross loss was approximately HK$12.4 million for the year ended 31 March 2019, as compared to gross profit of approximately HK$54.5 million with the same for the year ended 31 March 2018.

3. Gross loss margin for the year ended 31 March 2019 was approximately 3.2%, as compared to gross profit margin of approximately 10.2% with the same for the year ended 31 March 2018.

4. Loss attributable to owners of the Company was approximately HK$34.5 million for the year ended 31 March 2019 as compared to profit attributable to owners of the Company of approximately HK$12.0 million with the same for the year ended 31 March 2018. The decrease was principally attributable to the gross loss during the year ended 31 March 2019.

5. Loss per share amounted to approximately HK$3.7 cents for the year ended 31 March 2019, as compared to earnings per share amounted to approximately HK$1.5 cents for the year ended 31 March 2018.

6. The Board does not recommend the payment of final dividend for the year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	**2019** **HK$'000**	2018 *HK$'000*
Revenue	*3*	**392,539**	535,507
Cost of sales		**(404,921)**	(481,009)
Gross (loss) profit		**(12,382)**	54,498
Other income and gains	*4*	**1,251**	1,409
Administrative expenses		**(21,190)**	(38,199)
Finance costs	*5*	**(264)**	(554)
(Loss) profit before taxation		**(32,585)**	17,154
Income tax expense	*6*	**(1,922)**	(5,165)
(Loss) profit and total comprehensive (expense) income for the year	*7*	**(34,507)**	11,989
(Loss) earnings per share:			
Basic and diluted	*9*	**(3.7) cents**	1.5 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Plant and equipment		**34,065**	24,902
Investment property		**7,600**	6,930
Deposits paid for acquisition of plant and equipment		**–**	2,222
		41,665	34,054
Current assets			
Amounts due from customers for contract work		**–**	83,030
Contract assets	*10*	**112,160**	–
Trade and other receivables	*11*	**14,735**	43,215
Restricted bank deposits		**4,240**	10,869
Bank balances and cash		**51,332**	89,496
		182,467	226,610
Current liabilities			
Amounts due to customers for contract work		**–**	1,793
Trade and other payables	*12*	**42,108**	41,887
Bank borrowings		**2,025**	2,461
Obligations under finance leases — due within one year		**2,482**	1,868
Tax payable		**415**	1,084
		47,030	49,093
Net current assets		**135,437**	177,517
Total assets less current liabilities		**177,102**	211,571
Non-current liabilities			
Obligations under finance leases — due after one year		**1,290**	2,454
Deferred tax liabilities		**2,800**	1,598
		4,090	4,052
Net assets		**173,012**	207,519
Capital and reserves			
Share capital	*13*	**9,338**	9,338
Reserves		**163,674**	198,181
		173,012	207,519

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. GENERAL INFORMATION

Wing Chi Holdings Limited ("**the Company**") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 13 March 2017. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its ultimate holding company and immediate holding company is Colourfield Global Limited, a limited company incorporated in the British Virgin Islands ("**BVI**"). Its ultimate controlling party is Mr. Li Cheuk Kam (the "**Controlling Shareholder**"). The addresses of the registered office and principal place of business of the Company are P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and Room 3404A, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong respectively.

The Company is an investment holding company, while the principal subsidiaries are principally engaged in the provision of foundation and site formation works and machineries leasing.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**").

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

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs which include HKFRSs, Hong Kong Accounting Standards ("**HKAS(s)**"), amendments and Interpretations ("**Int(s)**"), issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**")

Application of new and amendments to HKFRSs

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and related Amendments
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC) Int 22	Foreign Currency Transactions and Advance Consideration

The impact of the adoption of HKFRS 15 Revenue from Contracts with Customers and HKFRS 9 Financial Instruments have been summarised below. The application of other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 superseded HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard established a five-step model for determining whether, how much and when revenue is recognised. The Group has elected to adopt the modified retrospective approach for contracts with customers that are not completed as at the date of initial application (i.e. 1 April 2018) with the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings and comparative information is not restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 11 Construction Contracts, HKAS 18 Revenue and the related interpretations. Details are described below.

The Group recognises revenue for the provision of foundation and site formation works which arise from contracts with customers.

The impact of transition to HKFRS 15 was insignificant on the retained profits at 1 April 2018.

The amount of adjustments for each financial statement line item of the consolidated statement of financial position at 1 April 2018 affected by the application of HKFRS 15 is illustrated below. Line items that were not affected by the adjustments have not been included.

	Notes	Carrying amount previously reported at 31 March 2018	Impact on adoption of HKFRS 15- Reclassification	Carrying amount as restated before adoption of HKFRS 9 at 1 April 2018
		HK$'000	*HK$'000*	*HK$'000*
Current assets				
Amounts due from customers for contract work	*a*	83,030	(83,030)	–
Trade and other receivables	*b*	43,215	(26,204)	17,011
Contract assets	*a, b*	–	109,234	109,234
Current liabilities				
Amounts due to customers for contract work	*c*	(1,793)	1,793	–
Contract liabilities	*c*	–	(1,793)	(1,793)

Notes:

(a) In relation to construction contracts previously accounted for under HKAS 11, the Group continues to apply output method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. Unbilled revenue of approximately HK$83,030,000 arising from the construction contracts were reclassified from amounts due from customers for contract work to contract assets as at 1 April 2018.

(b) At the date of initial application, retention receivables of approximately HK$26,204,000, arising from the construction contracts are conditional on the satisfaction of the service quality by the customers over the period as stipulated in the contracts, and such balance was reclassified from trade and other receivables to contract assets as at 1 April 2018.

(c) The amounts due to customers for contract work of approximately HK$1,793,000 were reclassified to contract liabilities as at 1 April 2018. Contract liabilities represented the Group's obligations to transfer to the customers of the services to which the assets relate and the Group has received consideration from the customers.

Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 March 2019 as a result of the adoption of HKFRS 15 on 1 April 2018

The following tables summarise the estimated impacts of applying HKFRS 15 on the consolidated statement of financial position at 31 March 2019 and the consolidated statement of cash flows for the year ended 31 March 2019, by comparing the amounts reported under HKAS 11, HKAS 18 and related interpretations that were in effect before the change. Line items that were not affected by the adjustments have not been included.

Impact on the consolidated statement of financial position as at 31 March 2019:

	Notes	**As reported** HK$'000	**Impact of adopting HKFRS 15** HK$'000	**Amount without adoption of HKFRS 15**** HK$'000
Current assets				
Amounts due from customers for contract work	*a*	–	89,696	89,696
Trade and other receivables	*b*	14,735	22,464	37,199
Contract assets	*a, b*	112,160	(112,160)	–

Impact on the consolidated statement of cash flows for the year ended 31 March 2019:

	Notes	**As reported** HK$'000	**Impact of adopting HKFRS 15** HK$'000	**Amount without adoption of HKFRS 15**** HK$'000
Increase in amounts due from customers for contract work	*a*	–	(6,666)	(6,666)
Decreases in trade and other receivables	*b*	1,937	3,740	5,677
Increase in contract assets	*a, b*	(2,926)	2,926	–
Decrease in contract liabilities	*c*	(1,793)	1,793	–
Decrease in amounts due to customer for contract work	*c*	–	(1,793)	(1,793)

** The amounts in this column are before the adjustments from the application of HKFRS 9.

The explanations of the above changes affected in the current year by the application of HKFRS 15 as compared to HKAS 11, HKAS 18 and the related interpretations are similar to the explanations set out in notes 2.1(a) to (c) above for describing the adjustments made to the consolidated statement of financial position at 1 April 2018 upon adoption of HKFRS 15.

2.2 HKFRS 9 Financial instruments

HKFRS 9 replaces the provision 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 Group has applied HKFRS 9 retrospectively to financial instruments that have not been derecognised at the date of initial application (i.e. 1 April 2018) in accordance with the transition provisions under HKFRS 9, and chosen not to restate comparative information. Differences in the carrying amounts of financial assets and financial liabilities on initial application are recognised in retained profits and other components of equity as at 1 April 2018.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement ("**HKAS 39**"). Details are described below.

(a) Classification and measurements

The directors of the Company reviewed and assessed the Group's existing financial assets and financial liabilities as at 1 April 2018 based on the facts and circumstances that existed at that date and concluded that all recognised financial assets and financial liabilities that are within the scope of HKFRS 9 are continued to measure at amortised cost as were previously measured under HKAS 39.

*(b) Loss allowance for expected credit losses ("**ECL**")*

The adoption of HKFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss model with a forward-looking ECL approach. As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets and contract assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirement of HKFRS 9.

It is concluded that, as at 1 April 2018, no additional credit loss allowance has been recognised against retained earnings as the estimated allowance under the ECL model were not significantly different to the impairment losses previously recognised under HKAS 39.

For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 March 2019, movements in working capital have been computed based on opening statement of financial position as at 1 April 2018 as disclosed above.

New and revised HKFRSs issued 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 16	Leases[1]
HKFRS 17	Insurance Contracts[4]
Amendments to HKFRS 3	Definition of a Business[3]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]
HK(IFRIC) Int 23	Uncertainty over Income Tax Treatments[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2020.
3 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
4 Effective for annual periods beginning on or after 1 January 2021.
5 Effective date not yet been determined.

The directors of the Company anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 *Property, Plant and Equipment*, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 *Leases* and the related interpretations when it becomes effective.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$20,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in the measurement, presentation and disclosure as indicated above. The directors of the Company are in the process to determine the amounts of right-of-use assets and lease liabilities to be recognised in the consolidated statement of financial position, after taking into account all practical expedients and recognition exemption under HKFRS 16. The directors of the Company expect that the adoption of HKFRS 16 will not have material impact on the Group's result but certain portion of these lease commitments and new lease commitment in future will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising from provision of foundation and site formation works and machineries leasing for the year. An analysis of the Group's revenue for the year is as follows:

	2019 *HK$'000*	2018* *HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15 for the year ended 31 March 2019:		
Disaggregated of revenue by services lines:		
— Provision of foundation and site formation works	**381,551**	519,064
Revenue from other sources		
— Machineries leasing	**10,988**	16,443
	392,539	535,507

* The amounts for the year ended 31 March 2018 were recognised under HKAS 11, HKAS 18 and related interpretation.

Disaggregation of revenue by timing of recognition:

	2019 *HK$'000*
Timing of revenue recognition	
Over Time	**381,551**
Total revenue from contracts with customers	**381,551**

Transaction price allocated to the remaining performance obligations

As at 31 March 2019, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately HK$149,242,000. The amount represents revenue expected to be recognised in the future from construction contracts. The Group will recognise this revenue as the service is completed, which is expected to occur over the next 12 months during the year ended 31 March 2020.

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("**CODM**") (the directors of the Company) in order to allocate resources to segments and to assess their performance.

The Group's operating activity is attributable to a single operating segment focusing on the provision of foundation and site formation works and machineries leasing. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRSs, that is regularly reviewed by the CODM. The CODM monitors the revenue from provision of foundation and site formation works for the purpose of making decisions about resources allocation and performance assessment. The CODM reviews the profit for the year of the Group as a whole for performance assessment. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

Geographical information

The Group's revenue from external customers presented based on the location of the operations is derived solely in Hong Kong (country of domicile). Non-current assets of the Group presented based on the location of the assets are all located in Hong Kong. As a result, geographical information has not been presented.

Information about major customers

Revenues from external customers contributing over 10% of the total revenue of the Group of the corresponding year are as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A	**129,073**	100,447
Customer B	**88,724**	57,725
Customer C	**58,467**	N/A*
Customer D	**39,291**	271,285

* The corresponding revenue did not contribute over 10% of total revenue of the Group.

4. OTHER INCOME AND GAINS

	2019	2018
	HK$'000	*HK$'000*
Bank interest income	**153**	153
Gain on disposal of plant and equipment	**200**	136
Fair value gain on investment property	**670**	630
Rental income	**228**	161
Government subsidy *(Note)*	**–**	249
Sundry income	**–**	80
	1,251	1,409

Note:

Government subsidy was received for the year ended 31 March 2018 (2019: nil) under the "Ex-gratia Payment Scheme for Phasing Out Pre-Euro IV Diesel Commercial Vehicles" upon disposal of certain motor vehicles.

5. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interests on:		
— bank borrowings	**59**	324
— obligations under finance leases	**205**	230
	264	554

6. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Current year taxation		
Hong Kong Profits Tax	**720**	5,126
Deferred taxation	**1,202**	39
	1,922	5,165

Pursuant to the laws and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands or the BVI for the year ended 31 March 2019 (2018: nil.).

The income tax charge for the year ended 31 March 2019 to Hong Kong Profits Tax has been relieved by approximately HK$21,000 as a result of tax losses brought forward from previous years (2018: nil).

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK$2 millions of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 millions will be taxed at 16.5%. For the year ended 31 March 2019, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

For the year ended 31 March 2018, Hong Kong profits tax was calculated at a flat rate of 16.5% of the estimated assessable profits.

7. (LOSS) PROFIT FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging:		
Directors' and chief executive's emoluments	**2,662**	2,836
Staff costs (excluding directors' and chief executive's emoluments)		
— Salaries, wages, allowances and other benefits	**72,376**	66,239
— Contributions to retirement benefits scheme	**2,826**	2,226
Total staff costs	**75,202**	68,465
Impairment loss on trade receivables	**339**	–
Auditor's remuneration	**850**	750
Depreciation of plant and equipment	**12,065**	9,127
Minimum lease payments paid under operating lease in respect of rental office premises	**342**	856
Listing expenses	**–**	16,408

8. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2019, nor has any dividend been proposed since the end of the reporting period (2018: nil).

9. (LOSS) EARNINGS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
(Loss) earnings:		
— (Loss) profit for the year attributable to the owners of the Company	**(34,507)**	11,989
Number of shares		
— Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**933,750,000**	789,503,425

Diluted (loss) earnings per share

Diluted (loss) earnings per share is the same as basic (loss) earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2019 and 2018.

10. CONTRACT ASSETS

Contract assets

	At 31 March 2019	At 1 April 2018	At 31 March 2018
	HK$'000	*HK$'000*	*HK$'000*
Analysed as current:			
Unbilled revenue of construction contracts *(note a)*	**89,696**	83,030	–
Retention receivables of construction contracts *(note b)*	**22,464**	26,204	–
Total contract assets	**112,160**	109,234	–
Retention receivables of construction contracts			
Due within one year	**20,585**	20,447	–
Due after one year	**1,879**	5,757	–
	22,464	26,204	–

Notes:

(a) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

(b) Retention receivables included in contract assets represents the Group's right to receive consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group.

The Group classifies these contract assets under current assets because the Group expects to realise them in its normal operating cycle.

For contract assets, the Group has applied the simplified approach permitted by HKFRS 9 to measure the allowance for credit losses at lifetime ECL. The contract assets are assessed for ECL by using the provision matrix similar with the approach of trade receivables. After the assessment by the directors of the Company, the allowance for ECL on contract assets are insignificant to the Group as at 1 April 2018 and 31 March 2019.

11. TRADE AND OTHER RECEIVABLES

	At 31 March 2019 *HK$'000*	At 1 April 2018 *HK$'000*	At 31 March 2018 *HK$'000*
Receivables at amortised cost comprise:			
Trade receivables	**13,105**	11,984	11,984
Retention receivables *(Note)*	**–**	–	26,204
Loss allowance	**(339)**	–	–
	12,766	11,984	38,188
Other receivables	**879**	205	205
Prepayments and deposits	**1,090**	4,822	4,822
	14,735	17,011	43,215

Note: Except for the amounts of approximately HK$5,757,000 as at 31 March 2018, which were expected to be recovered or settled after one year, all of the remaining balances are expected to be recovered within one year. All retention receivables are included under current assets as the Group expects to realise these within its normal operating cycle.

On 1 April 2018, retention receivables of approximately HK$26,204,000 were reclassified to contract asset after adoption of HKFRS 15.

The Group does not hold any collateral over these balances.

The Group allows an average credit period of 15 to 75 days to its trade customers. The following is an aged analysis of trade receivables, presented based on the certified date which approximates the respective revenue recognition dates and invoice dates at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
0 to 30 days	**11,613**	6,064
31 to 60 days	**872**	807
61 to 180 days	**281**	1,243
181 to 365 days	**–**	3,536
More than 365 days	**–**	334
	12,766	11,984

12. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**24,296**	18,740
Retention payables	**8,574**	12,812
Accrued expenses and other payables	**9,238**	10,335
	42,108	41,887

Trade payables represented payables to suppliers and subcontractors. The credit terms granted by subcontractors were stipulated in the relevant contracts and the payables were usually due for settlement within 30 to 45 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The following is the aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
0 to 30 days	**24,296**	18,740

13. SHARE CAPITAL

	Number of shares		Share capital	
	2019	2018	**2019**	2018
			HK$'000	*HK$'000*
Ordinary shares of HK$0.01 each				
Authorised				
At the beginning of the year	**2,000,000,000**	38,000,000	**20,000**	380
Increase on 21 September 2017 *(Note a)*	**–**	1,962,000,000	**–**	19,620
At the end of the year	**2,000,000,000**	2,000,000,000	**20,000**	20,000
Issued and fully paid				
At the beginning of the year	**933,750,000**	1,000	**9,338**	–
Capitalisation issue of shares *(Note b)*	**–**	674,999,000	**–**	6,750
Issue of ordinary shares in connection with the share offer of the Company *(Note c)*	**–**	225,000,000	**–**	2,250
Issue of ordinary shares in connection with the exercise of over-allotment options *(Note d)*	**–**	33,750,000	**–**	338
At the end of the year	**933,750,000**	933,750,000	**9,338**	9,338

Notes:

(a) Pursuant to the special resolution in writing passed by the shareholders of the Company on 21 September 2017, the authorised share capital of the Company was increased from HK$380,000 to HK$20,000,000 by the creation of an additional 1,962,000,000 shares of HK$0.01 each.

(b) Pursuant to the special resolution in writing passed by the shareholder of the Company on 21 September 2017, it was approved to allot and issue 674,999,000 ordinary shares of HK$0.01 each to the Company's shareholder by way of capitalisation of approximately HK$6,750,000 standing to the credit of the share premium account of the Company on 19 October 2017.

(c) In connection with the Company's placing and the public offer shares on 19 October 2017, the Company issued under a share offer a total of 225,000,000 ordinary shares of HK$0.01 each at a price of HK$0.52 per share resulting in gross proceeds amounting to HK$117,000,000, HK$2,250,000 representing the par value of the share issued credited to the Company's share capital, and approximately HK$114,750,000, before the share issue expense, credited to the share premium account.

(d) On 7 November 2017, the Company issued a total of 33,750,000 ordinary shares of HK$0.01 each at a price of HK$0.52 per share as a result of exercise of the over-allotment options by the underwriter resulting in gross proceeds amounting to HK$17,550,000, approximately HK$338,000, representing the par value of the share issued credited to the Company's share capital, and approximately HK$17,212,000 credited to the share premium account.

(e) All shares issued rank pari passu with all the existing shares in all respects.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a Hong Kong-based subcontractor engaged in foundation and site formation works. The foundation and site formation works provided by the Group represent the projects undertaken by it, the nature of which is broadly classified as excavation and lateral support ("**ELS**") works, pile caps construction and site formation works for both public and private sector projects. To a lesser extent, the Group also leased some of its machineries. Lik Shing Engineering Company Limited, the Group's principal operating subsidiary, has been registered under the Construction Industry Council as a registered subcontractor since May 2008.

During the year ended 31 March 2019, the Group is facing challenging market and economic environment. However, the investment in housing demand and infrastructural construction works still remain focus by the Hong Kong Government. There are some major projects such as "New Territories Brownfield", "Kai Tak Development", "Development of Anderson Road Quarry Site" and "Formation and Engineering Infrastructure Works at Kwu Tung North, Fanling North New Development Areas" and "Three Runway System" which provide potential development opportunities for the market. Therefore, the Group is still confident to the construction industry in Hong Kong. The Group will continue to improve its competitiveness in the market by continuing to provide quality works to the customers.

FINANCIAL REVIEW

During the year ended 31 March 2019, the Group had been awarded 19 new contracts, with an aggregate original contract sum of approximately HK$306.7 million and had completed 28 projects with an aggregate original contract sum of approximately HK$465.4 million.

As at 31 March 2019, the Group had 11 projects on hand (including projects in progress as well as projects that have been awarded to us but not yet commenced) with a total original contract sum of approximately HK$284.6 million.

Revenue

The revenue from foundation and site formation works of the Group for the year ended 31 March 2019 amounted to approximately HK$381.6 million, representing an decrease of approximately HK$137.5 million, or 26.5% as compared to that of approximately HK$519.1 million for the year ended 31 March 2018. The decrease was primarily due to delay in commencement of new projects awarded to the Group and substantial completion of the projects during the year ended 31 March 2018 including the Hong Kong-Zhuhai-Macao Bridge project, Tseung Kwan O Area 65C2 phase 1 project, No. 15 Middle Road project and Fuk Wing Street project, which contributed less revenue during the year ended 31 March 2019.

The revenue from machinery leasing of the Group for the year ended 31 March 2019 amounted to approximately HK$11.0 million, representing a decrease of approximately HK$5.4 million, or 32.9% as compared to that of approximately HK$16.4 million for the year ended 31 March 2018. This amount represents the revenue contributed by the Group's leasing of its machinery to contractors and/or subcontractors under operating leases. The decrease was primarily due to fewer civil works projects available in the market.

Gross (Loss)/Profit and Gross (Loss)/Profit Margin

The gross loss of the Group for the year ended 31 March 2019 amounted to approximately HK$12.4 million, as compared to gross profit of approximately HK$54.5 million for the year ended 31 March 2018. The gross loss margin of the Group during the year ended 31 March 2019 was approximately 3.2%, as compared to gross profit margin of approximately 10.2% for the year ended 31 March 2018.

The decline in gross profit margin was mainly due to (a) substantial loss being incurred in some of the project works and variation orders of the completed projects; (b) additional resources being required to deal with unforeseen ground conditions and site constraints in several construction projects; (c) serious delay in works area handed over by clients; (d) discontinuity of works which in turn impaired the construction efficiency; and (e) decrease in gross profit margin of newly awarded contracts of the Group during the year ended 31 March 2019 as a result from the increasing competition in the market.

The Group prices its services based on various factors, among others, the scope of works and the complexity of the projects. In this regard, the Group's profitability depends on the nature of projects engaged by the Group. On the other hand, the Group prices its leasing machinery based on the procurement cost and the expected profit margin.

Other Income

The other income of the Group for the year ended 31 March 2019 amounted to approximately HK$1.3 million, representing a decrease of approximately HK$0.1 million or 7.1% as compared to approximately HK$1.4 million for the year ended 31 March 2018.

The other income is mainly related to fair value gain on investment property. The decrease of other income was primarily due to no government subsidy in relation to the "Ex-gratia Payment Scheme for Phasing Out Pre-Euro IV Diesel Commercial Vehicles" during the year ended 31 March 2019.

Administrative Expenses

The administrative expenses of the Group for the year ended 31 March 2019 amounted to approximately HK$21.2 million, representing an decrease of approximately HK$17.0 million or 44.5% as compared to approximately HK$38.2 million for the year ended 31 March 2018. The decrease was primarily due to the one-off listing expenses of approximately HK$16.4 million was recognised for the year ended 31 March 2018 but nil in 2019.

Finance Costs

The finance costs of the Group for the year ended 31 March 2019 amounted to approximately HK$0.3 million, representing a decrease of approximately HK$0.3 million or 50.0% as compared to approximately HK$0.6 million for the year ended 31 March 2018. The decrease was primarily due to the decrease in borrowings during the year ended 31 March 2019 as compared to the corresponding period in 2018.

Income Tax

The income tax of the Group for the year ended 31 March 2019 amounted to approximately HK$1.9 million, representing a decrease of approximately HK$3.3 million or 63.5% as compared to that of approximately HK$5.2 million for the year ended 31 March 2018. The decrease was mainly due to the absence of assessable profits of Hong Kong Profits Tax for one of the operative subsidiaries during the year ended 31 March 2019. The income tax expenses are mainly related to the movement of the deferred tax during the year.

(Loss)/Profit attributable to owners of the Company

The Group reported net loss of approximately HK$34.5 million for the year ended 31 March 2019 as compared to the profit attributable to owners of the Company of approximately HK$12.0 million for the year ended 31 March 2018. The decrease was mainly attributable to the gross loss during the year.

LIQUIDITY, FINANCIAL POSITION AND CAPITAL STRUCTURE

The Group has funded its liquidity and capital requirements primarily through capital contributions from Shareholders, bank borrowings, cash inflows from operating activities.

As at 31 March 2019, the Group had bank balances and cash of approximately HK$51.3 million (31 March 2018: approximately HK$89.5 million). The decrease was mainly due to the aggregate net cash used in operation, investing and financing activities of approximately HK$38.2 million.

As at 31 March 2019, the gearing ratio of the Group, calculated by the total debts (defined as the sum of bank borrowings and obligations under finance leases) divided by the total equity is approximately 3.4% (31 March 2018: 3.3%).

TREASURY POLICY

The Group continues to manage its financial position carefully and maintains conservative policies in cash and financial management. The Board closely monitors the Group's liquidity position to ensure that the Group can meet its funding requirements for business development.

PLEDGE OF ASSETS

As at 31 March 2019, the Group's plant and equipment with an aggregate net book value of approximately HK$5.3 million (31 March 2018: HK$5.3 million) were pledged under finance lease, while investment property of approximately HK$7.6 million (31 March 2018: HK$6.9 million) was pledged to secure banking facilities granted to the Group.

EXPOSURE TO FOREIGN EXCHANGE RATE RISKS

As the Group only operates in Hong Kong and almost all of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the Board is of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk during the year ended 31 March 2019.

CAPITAL EXPENDITURE

During the year ended 31 March 2019, the Group invested approximately HK$22.3 million on acquisition of machineries and equipment, motor vehicles and computer equipment. Capital expenditure was principally funded by finance leases and internal resources.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed in this announcement, the Group had no material capital commitments or contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent events undertaken by the Company or by the Group after 31 March 2019 and up to the date of this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 March 2019, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

SIGNIFICANT INVESTMENT HELD

During the year ended 31 March 2019, the Group had no significant investment held.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 30 September 2017 (the "**Prospectus**"), the Group does not have other plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2019, the Group employed a total of 253 employees (including Executive Directors, Non-executive Director and Independent Non-executive Directors), as compared to a total of 224 employees as at 31 March 2018. Total staff costs which include Directors' emoluments for the year ended 31 March 2019 was approximately HK$77.9 million (year ended 31 March 2018: approximately HK$71.3 million). The salary and benefit level of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the performance of each employee.

The emoluments of the Directors of the Company are decided by the Board after recommendation from the Remuneration Committee of the Company, having considered the factors such as the Group's financial performance and the individual performance of the Directors, etc.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme are set out in the annual report.

During the year ended 31 March 2019, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS AND USE OF PROCEEDS

The net proceeds of the share offer received by the Company in relation to the listing of the Shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing**") on 20 October 2017 and full exercise of the over-allotment option on 7 November 2017 were approximately HK$103.9 million in aggregate, after deducting listing related expenses. The Board consider that these proceeds are intended to be applied in accordance with the proposed application set out in the paragraph headed "Future plans and use of proceeds" in the Prospectus. The table below sets out the proposed applications of the net proceeds and usage as at 31 March 2019:

	Planned use of net proceeds	**Actual usage up as at 31 March 2019**	**Unutilised amount as at 31 March 2019**
	HK$' million	*HK$' million*	*HK$' million*
Acquire new machinery and equipment	40.6	29.0	11.6
Reserve more capital to satisfy the potential requirement for surety bond	31.3	13.2	18.1
Strengthen the manpower	23.1	17.9	5.2
General working capital	8.9	8.9	–
	103.9	69.0	34.9

The 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 industry.

The unutilised amounts of the net proceeds from the Listing will be applied in the manner consistent with that mentioned in the Prospectus. The unutilised amount had been deposited with licensed banks in Hong Kong.

FINAL DIVIDEND

The Board has resolved not to recommend the declaration of final dividend to Shareholders of the Company for the year ended 31 March 2019.

FUTURE PROSPECTS

The global economic environment has been slowed down notably and increase in trade tensions with the United States had been affecting business confidence. The environment of the foundation and site formation market in Hong Kong continued to be highly competitive due to a large number of competitors and relatively fewer contracts in the civil public sector. In response to this situation, the Group had to lower the tender prices to maintain its market position. The Group will continue to focus on improving cost control measures on projects, strengthening project managements teams and increasing our production efficiency. Nevertheless, the Hong Kong Government remain focus on Hong Kong's land supply for private and residential housing and commercial buildings. Therefore, the Group is confident that the construction industry in Hong Kong will remain positive in the future.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted as its own corporate governance code the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. The Company has complied with the CG Code during the period from 1 April 2018 to 31 March 2019 (the "**Reporting Period**") with the exception of code provision A.2.1 as explained below.

According to code provision A.2.1 of the CG Code, the roles of the chairman of the Company (the "**Chairman**") and the chief executive officer of the Company (the "**Chief Executive Officer**") should be separate and performed by different individuals. Mr. Li Cheuk Kam is both the Chairman and the Chief Executive Officer. In view of the in-depth knowledge and substantial experience of Mr. Li Cheuk Kam in the operations of the Group and his solid experience in foundation and site formation works, the Board believes it is in the best interests of the Company for Mr. Li Cheuk Kam to assume both the roles of the Chairman and the Chief Executive Officer until such time as the Board considers that such roles should be assumed by different persons.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiries by the Company, all the Directors have confirmed to the Company that they have fully complied with the required standard set out in the Model Code during the Reporting Period.

ANNUAL GENERAL MEETING ("AGM")

The 2019 AGM of the Company will be held on Thursday, 15 August 2019. The notice of the 2019 AGM of the Company will be published and despatched to the Shareholders of the Company in the manner as required by the Listing Rules and the articles of association of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The 2019 AGM of the Company has been scheduled to be held on Thursday, 15 August 2019. For determining the entitlement to attend and vote at the 2019 AGM, the register of members of the Company will be closed from Friday, 9 August 2019 to Thursday, 15 August 2019 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the 2019 AGM, all transfer forms accompanied by relevant share certificates must be lodged with the Company's branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 8 August 2019.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

As at 31 March 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF FINANCIAL INFORMATION

The audit committee of the Company (the "**Audit Committee**") consists of three members who are all Independent Non-executive Directors, namely, Mr. Chan Chung Kik Lewis, Mr. Wong Chik Kong and Mr. Lee Kwok Lun. Mr. Chan Chung Kik Lewis is the Chairman of the Audit Committee. The Company's annual results for the year ended 31 March 2019 have been reviewed by the Audit Committee, which takes the view that the applicable accounting standards and requirements have been complied with by the Company and that adequate disclosures have been made. The Audit Committee has met the external auditor of the Company, SHINEWING (HK) CPA Limited ("**SHINEWING**"), and reviewed the Group's results for the year ended 31 March 2019.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, SHINEWING, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING 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 SHINEWING on the preliminary announcement.

GENERAL

A circular containing, inter alia, the information required by the Listing Rules, together with the notice of the upcoming AGM, will be despatched to the shareholders of the Company in due course.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND 2019 ANNUAL REPORT

The annual results announcement is published on the Company's website at http://www.wingchiholdings.com and the website of the Stock Exchange at www.hkexnews.hk.

The 2019 annual report of the Company for the year ended 31 March 2019 will be despatched to shareholders and published on the respective websites of the Company and the Stock Exchange in due course.

By Order of the Board
Wing Chi Holdings Limited
Li Cheuk Kam
Chairman

Hong Kong, 6 June 2019

As at the date of this announcement, the Executive Directors are Mr. Li Cheuk Kam, Mr. Li Wai Fong and Mr. Liauw Hung, the Non-executive Director is Mr. Poon Wai Kong and the Independent Non-executive Directors are Mr. Wong Chik Kong, Mr. Chan Chung Kik Lewis and Mr. Lee Kwok Lun.