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GOLD-FINANCE HOLDINGS LIMITED

金誠控股有限公司

(formerly known as “Nga Chun Holdings Company Limited 雅駿控股有限公司”)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1462)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2016

The board (the “Board”) of Directors (the “Directors”) of Gold-Finance Holdings Limited (the “Company”) is pleased to present the consolidated results and financial position of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2016 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *Year ended 31 March 2016*

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000
REVENUE	4	591,999	684,578
Contract costs		<u>(546,750)</u>	<u>(610,924)</u>
Gross profit		45,249	73,654
Other income and gains	4	3,794	1,302
Administrative expenses		(21,369)	(29,216)
Finance costs	5	(798)	(1,142)
Other expenses, net		<u>(2,425)</u>	<u>(3,469)</u>
PROFIT BEFORE TAX	6	24,451	48,067
Income tax expense	7	<u>(5,196)</u>	<u>(9,540)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>19,255</u>	<u>38,527</u>
Profit and total comprehensive income attributable to equity holders of the parent		<u>19,255</u>	<u>38,527</u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9	<u>HK4.81 cents</u>	<u>HK11.14 cents</u>

Details of the dividend for the year ended 31 March 2016 are disclosed in note 8 to this announcement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		61,485	67,221
Investment property		7,900	—
Pledged deposit for a life insurance product		6,292	6,133
Prepayment for acquisition of items of property, plant and equipment		1,000	—
Total non-current assets		76,677	73,354
CURRENT ASSETS			
Gross amount due from customers for contract works		79,302	61,703
Accounts receivable	10	51,989	63,633
Prepayments, deposits and other receivables		72,085	2,220
Tax recoverable		2,066	789
Time deposits with maturity of more than three months		—	14,945
Cash and cash equivalents		79,175	156,755
Total current assets		284,617	300,045
CURRENT LIABILITIES			
Accounts payable	11	23,208	26,103
Accruals of costs for contract works		79,370	60,187
Other payables and accruals		4,535	4,245
Interest-bearing bank loans		—	36,066
Total current liabilities		107,113	126,601
NET CURRENT ASSETS		177,504	173,444
TOTAL ASSETS LESS CURRENT LIABILITIES		254,181	246,798
NON-CURRENT LIABILITIES			
Deferred tax liabilities		184	56
Net assets		253,997	246,742
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	12	4,000	4,000
Reserves		249,997	242,742
Total equity		253,997	246,742

NOTES

1. CORPORATE AND GROUP INFORMATION

Gold-Finance Holdings Limited (formerly known as Nga Chun Holdings Company Limited) (the “Company”) is an exempted company with limited liability incorporated in the Cayman Islands. The registered office address of the Company is Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at Unit B, 10/F., Summit Building, 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 16 October 2014.

During the Reporting Period, the Company and its subsidiaries (collectively referred to as the “Group”) were engaged in the provision of building services (the “Building Services”) in Hong Kong.

Since 7 December 2015, the immediate holding company of the Company has been Gold-Finance (Hong Kong) Asset Management Limited, which is incorporated in Hong Kong, and the ultimate holding company of the Company has been Ningbo He Ze Run Industrial Investments Limited[#] (寧波和澤潤實業投資有限公司[#]), which is incorporated in the People’s Republic of China (the “PRC”).

Particulars of the Company’s subsidiaries are set out below:

Company name	Place of incorporation and place of operations	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Master Grand Investment Company Limited (“Master Grand”)	British Virgin Islands (the “BVI”)	US\$100	100	—	Investment holding
Fungs E & M Engineering Company Limited (“Fungs E & M”)	Hong Kong	HK\$4,800,000	—	100	Building Services

[#] The English name of this company represents the best effort made by management of the Company to directly translate its official Chinese name as it has not registered any official English name.

2. BASIS OF PREPARATION

This financial information has been prepared in accordance with, among others, the Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong). It has been prepared under the historical cost convention except for investment property and financial assets at fair value through profit or loss, which have been measured at fair value. This financial information is presented in Hong Kong dollars (“HK\$”), which is the Company’s functional and presentation currency and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial information includes the financial information of the Company and its subsidiaries for the year ended 31 March 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial information of the subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial information.

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010–2012 Cycle
Annual Improvements to HKFRSs 2011–2013 Cycle

The nature and the impact of each amendment is described below:

- (a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.
- (b) The *Annual Improvements to HKFRSs 2010–2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:
 - HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.
 - HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of the gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets.

The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- *HKAS 24 Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.
- (c) The *Annual Improvements to HKFRSs 2011–2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:
- *HKFRS 3 Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.
 - *HKFRS 13 Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.
 - *HKAS 40 Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment property. The amendment has had no impact on the Group as the acquisition of investment property during the year was not a business combination and so this amendment is not applicable.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) during the current financial year. The main impact to the financial information is on the presentation and disclosure of certain financial information.

3. SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the provision of Building Services. Since this is the only operating segment of the Group, no further operating segment analysis thereof is presented.

The Group’s revenue from external customers was derived solely from its operations in Hong Kong during the year, and the non-current assets of the Group were located in Hong Kong as at 31 March 2016 and 2015.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the year is set out below:

	2016 HK\$'000	2015 HK\$'000
Customer A	257,334	308,315
Customer B [#]	94,024	N/A*
Customer C ^{##}	88,498	121,742
Customer D	N/A*	87,393
Customer E	86,497	N/A*

* Less than 10% of the Group's revenue.

Included sales to a group of entities which are known to be controlled by a family member of a former substantial shareholder of the Company.

Included sales to a group of entities which are known to be under common control of a former substantial shareholder of the Company.

Except for the aforesaid, no revenue from a single external customer accounted for 10% or more of the Group's revenue.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the appropriate proportion of contract revenue from construction, renovation and other contracts.

An analysis of revenue, other income and gains is as follows:

	2016 HK\$'000	2015 HK\$'000
Revenue		
Contract revenue	591,999	684,578
Other income and gains		
Interest income	1,434	569
Management fee income	1,278	613
Gross rental income	26	120
Fair value gain on investment property	100	—
Gain on disposal of items of property, plant and equipment	805	—
Sundry income	151	—
	3,794	1,302

5. FINANCE COSTS

	2016 HK\$'000	2015 HK\$'000
Interest on bank loans and overdrafts	798	1,142

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2016 HK\$'000	2015 HK\$'000
Depreciation	3,315	3,133
Auditors' remuneration	1,320	1,280
Reversal of impairment of an amount due from a related party*	—	(5,451)
Impairment of other receivables*	—	105
Deficit on revaluation of property at date of transfer to investment property*	560	—
Fair value gain on investment property	(100)	—
Direct operating expenses (including repair and maintenance) arising from rental-earning investment property	2	18
Exchange loss*	1,865	1,877
Employee benefit expense (exclusive of directors' remuneration):		
Wages and salaries	38,382	29,944
Pension scheme contributions (defined contribution scheme)	1,104	959
	<u>39,486</u>	<u>30,903</u>
Minimum lease payments under operating leases in respect of office equipment	<u>151</u>	<u>154</u>

* Included in "Other expenses, net" in the consolidated statement of profit or loss and other comprehensive income.

7. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2016 HK\$'000	2015 HK\$'000
Current — Hong Kong		
Charge for the year	5,068	9,668
Over-provision in prior years	—	(8)
Deferred	<u>128</u>	<u>(120)</u>
Total tax charge for the year	<u>5,196</u>	<u>9,540</u>

8. DIVIDEND

	2016 HK\$'000	2015 HK\$'000
Proposed final — Nil (2015: HK\$3 cents) per ordinary share	<u>—</u>	<u>12,000</u>

On 8 September 2014, Fungs E&M declared an interim dividend of HK\$36,000,000 to the then shareholders and such interim dividend was paid in October 2014.

9. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share for the year ended 31 March 2016 is based on the profit for the year attributable to equity holders of the parent of HK\$19,255,000 (2015: HK\$38,527,000) and the weighted average number of ordinary shares of 400,000,000 (2015: 345,723,425) in issue during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 March 2015 includes the one ordinary share of the Company issued upon incorporation, the 999,999 new ordinary shares issued pursuant to the reorganisation of the Company in connection with the listing of the shares of the Company on the Stock Exchange (the “Reorganisation”) (note 12(a)) and the 299,000,000 new ordinary shares issued pursuant to the Capitalisation Issue (note 12(b)), as if all these shares had been in issue throughout the year ended 31 March 2015, and the weighted average of 100,000,000 new ordinary shares issued pursuant to the Share Offer (note 12(c)).

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2015 and 2016 as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2015 and 2016.

10. ACCOUNTS RECEIVABLE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Due from third parties	47,235	39,693
Due from related parties	4,754	23,940
	<u>51,989</u>	<u>63,633</u>

Accounts receivable represented receivables for contract works. The payment terms of receivables for contract works are stipulated in the relevant contracts and the receivables are usually due for settlement within 7 days after the customers receive interim payment from their project employers.

At 31 March 2016, retentions receivable (including those classified under amounts due from related parties) included in accounts receivable amounted to HK\$20,226,000 (2015: HK\$15,932,000), which are repayable on terms ranging from two to three years.

The credit terms offered to the related parties are similar to those offered to other major independent customers of the Group.

The aging analysis of the accounts receivable that are not individually nor collectively considered to be impaired is as follows:

	2016 HK\$'000	2015 HK\$'000
Past due but not impaired:		
One to three months past due	—	1,038
Four to six months past due	—	—
Over six months past due	2,990	2,187
	2,990	3,225
Neither past due nor impaired	48,999	60,408
	51,989	63,633

Accounts receivable that were past due but not impaired relate to a number of independent customers and a related party that have a good track record with the Group. Based on past experience, the directors are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Accounts receivable that are neither past due nor impaired relate to a number of independent customers and related parties for whom there was no recent history of default.

11. ACCOUNTS PAYABLE

An aging analysis of the accounts payable as at the end of the reporting period, based on the invoice date, is as follows:

	2016 HK\$'000	2015 HK\$'000
Current to 3 months	23,208	26,103

At 31 March 2016, retentions payable included in accounts payable amounted to HK\$11,856,000 (2015: HK\$9,374,000), which are normally settled on terms ranging from two to three years.

Accounts payable are non-interest-bearing and are normally settled within three months. The payment terms are stipulated in the relevant contracts.

12. SHARE CAPITAL

Shares

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Authorised:		
1,000,000,000 ordinary shares of HK\$0.01 each	<u>10,000</u>	<u>10,000</u>
Issued and fully paid:		
400,000,000 ordinary shares of HK\$0.01 each	<u>4,000</u>	<u>4,000</u>

The movements in the Company's share capital during the period from 21 May 2014 (date of incorporation) to 31 March 2015 and for the year ended 31 March 2016 were as follows:

	<i>Notes</i>	Number of ordinary shares of HK\$0.01 each	Nominal value of ordinary shares <i>HK\$'000</i>
Authorised:			
As at 21 May 2014 (date of incorporation)	(a)	37,000,000	370
Increase in authorised share capital on 22 September 2014	(b)	<u>963,000,000</u>	<u>9,630</u>
As at 31 March 2015 and 2016		<u>1,000,000,000</u>	<u>10,000</u>
		Number of shares in issue	Issued capital <i>HK\$'000</i>
Issued and fully paid:			
As at 21 May 2014 (date of incorporation)	(a)	1	—
Issue of new shares pursuant to the Reorganisation	(b)	999,999	10
Capitalisation Issue	(c)	299,000,000	2,990
Issue of new shares pursuant to the Share Offer	(d)	<u>100,000,000</u>	<u>1,000</u>
At 31 March 2015 and 2016		<u>400,000,000</u>	<u>4,000</u>

Notes:

- (a) Upon incorporation on 21 May 2014, the authorised share capital of Company was HK\$370,000 divided into 37,000,000 shares of HK\$0.01 each. On the date of incorporation, 1 ordinary share of HK\$0.01 was allotted and issued nil paid by the Company to the initial subscriber, Reid Services Limited, and the share was transferred to Team Great Limited ("Team Great") on 13 June 2014.
- (b) On 22 September 2014, an ordinary resolution of the sole shareholder of the Company was passed and pursuant to which:
 - (i) the authorised share capital of the Company was increased from HK\$370,000 to HK\$10,000,000 by the creation of 963,000,000 additional shares of HK\$0.01 each, ranking pari passu in all respects with existing shares of the Company; and
 - (ii) Team Great transferred all the shares it held in Fungs E & M to Master Grand, a direct wholly-owned subsidiary of the Company, in exchange for the Company allotting and issuing 999,999 ordinary shares in connection with the Reorganisation.

- (c) Pursuant to the special resolution of the sole shareholder of the Company passed on 22 September 2014, a sum of HK\$2,990,000 standing to credit of the share premium account of the Company was approved to be capitalised and for the allotment and issue of 299,000,000 ordinary shares of HK\$0.01 each, credited as fully paid at par on 16 October 2014 (the “Capitalisation Issue”).
- (d) In connection with the listing of the Company on the Stock Exchange, 100,000,000 new ordinary shares of HK\$0.01 each were issued at a price of HK\$1.1 per share for a total cash consideration, before expenses, of HK\$110,000,000 (the “Share Offer”). Dealings in the shares of the Company on the Stock Exchange commenced on 16 October 2014.

13. CONTINGENT LIABILITIES

In the ordinary course of the Group’s Building Services business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group’s subcontractors in accidents arising out of and in the course of their employment. The Directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group.

14. COMMITMENTS

At the end of the reporting period, the Group had the following significant capital commitments in respect of acquisition of items of property, plant and equipment:

	Group	
	2016	2015
	HK\$’000	HK\$’000
Contracted, but not provided for	<u><u>3,337</u></u>	<u><u>879</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is principally engaged in the provision of Building Services in Hong Kong as a subcontractor.

The engineering works undertaken by the Group are mainly related to (i) electrical installation works; (ii) air-conditioning installation works; and (iii) fire services installation works. The Group undertakes engineering projects in both public and private sectors, which are mainly building related projects including (i) new building development; and (ii) existing building renovation. All of the Group's revenues were derived in Hong Kong.

As at 31 March 2016, the Group had over 60 one-off and retainer projects in progress, with a total estimated outstanding contract sum and work order value of approximately HK\$1,494.4 million. The Group's business is undertaken by an operating subsidiary, Fungs E & M, a Building Services engineering specialist in various building works in both public and private sectors in Hong Kong. Since 1 April 2016, and up to the date of this announcement, the Group was awarded with new contracts with an aggregate estimated contract sum of approximately HK\$110.6 million.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2016 was approximately HK\$592.0 million representing a decrease of approximately 13.5% from approximately HK\$684.6 million in the previous year. The decrease was mainly due to the combined effect of:

- (i) Higher revenue of approximately HK\$47.2 million recognised for a one-off project in the private sector which had achieved significant progress during the year ended 31 March 2016 while these projects were at preliminary stage and only approximately HK\$3.1 million was recognised as revenue in the previous year; and
- (ii) Lower revenue of approximately HK\$13.4 million recognised for two one-off projects in the public sector which was substantially completed in the year ended 31 March 2016 while approximately HK\$142.4 million was recognised as revenue in the previous year.

Gross profit margin

During the year ended 31 March 2016, the Group recorded a gross profit of approximately HK\$45.2 million. The gross profit margin decreased from approximately 10.8% for the year ended 31 March 2015 to approximately 7.6% for the year ended 31 March 2016. The decrease was mainly due to a one-off project in the public sector in Tai Lam and a one-off project in the private sector for commercial buildings which recorded negative gross profit margins due to the incurrence of additional contract costs for the two above-mentioned projects for the year ended 31 March 2016.

Other income and gains

Other income and gains increased by approximately 191.4% from approximately HK\$1.3 million from the previous year to approximately HK\$3.8 million for the year ended 31 March 2016. The increase was mainly due to the profit on disposal of fixed assets of HK\$0.8 million and the increase in interest income from HK\$0.6 million to HK\$1.4 million.

Administrative expenses

The Group's administrative expenses for the year ended 31 March 2016 were approximately HK\$21.4 million, representing a decrease of 26.9% from approximately HK\$29.2 million in the previous year. The decrease was mainly attributable to the combined effect of (i) recognition of one-off listing expenses of approximately HK\$12.1 million in the previous year; and (ii) the increase in the legal and professional fees of approximately HK\$2.9 million incurred in relation to the change of the Company's controlling shareholder during the Reporting Period (the "Legal and Professional Fees").

Net profit after tax

For the year ended 31 March 2016, the Group recorded net profit of approximately HK\$19.3 million, a decrease of approximately 50.0% as compared to the net profit of approximately HK\$38.5 million for the previous year. This was mainly due to the decrease in gross profit margin and the Legal and Professional Fees.

Liquidity and Financial Resources

The Group has funded its liquidity and capital requirements primarily through capital contributions from shareholders, bank borrowings, cash inflows from operating activities and proceeds received from the listing of the Company's shares on the Main Board of the Stock Exchange on 16 October 2014.

The total interest-bearing bank borrowings of the Group decreased from approximately HK\$36.1 million as at 31 March 2015 to nil as at 31 March 2016. All borrowings were repayable on demand and denominated in Hong Kong dollars. The interest rates of the Group's interest-bearing bank borrowings are primarily re-priced every month based on the change of the Hong Kong Inter-bank Offered Rate. The Group currently does not have an interest rate hedging policy and the Group monitors interest risk continuously and considers hedging any excessive risk when necessary. As at 31 March 2016, the total banking facilities of the Group amounted to approximately HK\$40.0 million (31 March 2015: approximately HK\$61.4 million).

As of 31 March 2016, the Group had cash and cash equivalents of approximately HK\$79.1 million, representing a decrease of 49.5% from approximately HK\$156.8 million as of 31 March 2015. The Group did not have pledged deposits other than a pledged deposit for a life insurance product with a carrying amount of approximately HK\$6.3 million and HK\$6.2 million as at 31 March 2016 and 31 March 2015, respectively. The decrease in cash and cash equivalents during the year ended 31 March 2016 was mainly due to the combined effects of (i) net cash outflow from operating activities of approximately HK\$38.3 million; (ii) the proceeds received from a time deposit with original maturity of more than three months of approximately HK\$14.9 million; (iii) the repayment of interest-bearing bank loans of approximately HK\$36.1 million; and (iv) payment of 2015 final dividend of approximately HK\$12 million.

Gearing ratio is calculated based on the amount of total interest-bearing bank loans divided by the total equity. Decrease in gearing ratio from 14.6% as at 31 March 2015 to 0% as at 31 March 2016 was mainly due to the repayment of interest-bearing bank loans during the year ended 31 March 2016.

As at 31 March 2016, the Group had aggregate banking facilities of approximately HK\$40.0 million, which were not utilised by the Group. As at 31 March 2016, the banking facilities were secured by (i) legal charge over a building of the Group with carrying amount of approximately HK\$47.4 million; and (ii) pledged deposit for a life insurance product with a carrying amount of approximately HK\$6.3 million.

Contingent Liabilities

Details of the Group's contingent liabilities are set out in note 13 to this announcement.

Capital Commitments

Details of the Group's capital commitments are set out in note 14 to this announcement.

Capital expenditures

For the year ended 31 March 2016, the Group purchased property, plant and equipment of approximately HK\$10.2 million (2015: approximately HK\$4.9 million).

PROSPECTS

According to the Hong Kong 2016–17 Budget, the Hong Kong Government will allocate approximately HK\$79 billion to capital works. With a number of projects at their construction peaks, capital works expenditure is expected to remain at relatively high levels in the next few years.

Moreover, the Building Services industry is steering towards designing and installing more complex and more energy efficient systems for buildings in Hong Kong. The public's increasing awareness of energy efficiency, and indoor air quality and sustainability have triggered contractors in the Building Services industry to construct better heating, ventilation and air-conditioning systems. Therefore, the design and installation work processes that go into the servicing of intelligent buildings are more complicated.

In view of the aforesaid increasing public expenditure on capital works, and the market development, the Directors believe that there will be more opportunities for our Building Services business in both private and public sectors in the future. Having considered the Group's solid experience in the Building Services industry, possession of the requisite licenses and registrations for undertaking engineering projects in both private and public sectors, the Directors are of the view that the Group is well positioned to capture the emerging business opportunities.

FOREIGN EXCHANGE RISK

Since the Group operates in Hong Kong and all of the revenue and transactions arising from its operations are settled in Hong Kong dollars, and the Group's assets and liabilities are primarily denominated in Hong Kong dollars, the Directors believe that the Group's risk in foreign exchange is insignificant and the Group will have sufficient foreign exchange to meet its foreign exchange requirements. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates and has not adopted any currency hedging policy or other hedging instruments during the year ended 31 March 2016.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 March 2016, there was no acquisition or disposal of subsidiaries and associated companies by the Company.

SIGNIFICANT INVESTMENTS

During the year ended 31 March 2016, the Company did not hold any significant investment.

STAFF AND REMUNERATION POLICY

As of 31 March 2016, the Group employed 65 employees in Hong Kong. The Group reviewed directors and employees' remuneration from time to time and salary adjustment was normally made on an annual basis with reference to their performance and work experience and with reference to the prevailing market conditions. Staff benefits include the mandatory provident fund and training programs.

The total remuneration cost incurred by the Group for the year ended 31 March 2016 was approximately HK\$39.5 million (2015: approximately HK\$30.9 million).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities from the date of Listing to 31 March 2016.

CORPORATE GOVERNANCE CODE

Throughout the year ended 31 March 2016, the Company has complied with the applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information available in the public domain concerning the Company, at least 25% of the Company's issued share capital were held by the public as at the date of this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors.

After a specific enquiry by the Group, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the year ended 31 March 2016.

USE OF NET PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the share offer of the Company in connection with its listing on 16 October 2014 was approximately HK\$92.6 million. According to the section “Future Plans and Use of Proceeds” set out in the prospectus of the Company dated 30 September 2014, the Group has used the net proceeds as follows:

	Actual net proceeds <i>HK\$ million</i>	Used amount <i>HK\$ million</i>	Unused amount <i>HK\$ million</i>
Operation of prospective projects	55.5	55.5	—
Hiring of additional staff	18.5	2.7	15.8
Upgrade of computer system and software	9.3	0.2	9.1
General working capital	9.3	9.3	—
	<u>92.6</u>	<u>67.7</u>	<u>24.9</u>
Total			

The unutilised net proceeds are mainly placed in the current accounts with certain licensed financial institutions.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: HK\$0.03 per share or HK\$12.0 million in aggregate).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

To ascertain the entitlement to attend and vote at the annual general meeting to be held on 19 September 2016, Monday, the register of members of the Company will be closed from 14 September 2016, Wednesday to 19 September 2016, Monday (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for attending and voting at the annual general meeting, all share transfer documents accompanied by the corresponding share certificates must be lodged with the Company’s branch share registrar in Hong Kong, 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 Tuesday, 13 September 2016.

REVIEW OF ACCOUNTS

The audit committee of the Company, which is chaired by an independent non-executive Director and currently has a membership comprising three independent non-executive Directors, has reviewed with the management and approved the consolidated financial statements for the year ended 31 March 2016.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.gold-finance-gp.com.hk>). The Company's annual report for the Reporting Period will also be despatched to the shareholders of the Company and be made available for review on the aforesaid websites in due course.

By order of the Board
Gold-Finance Holdings Limited
Wei Jie
Chairman and Chief Executive Officer

Hong Kong, 20 June 2016

As at the date of this announcement, the Board comprises Mr. Wei Jie, Ms. Xu Li Yun, Mr. Jiang Junwei and Ms. Fan Qi as executive Directors; and Mr. Niu Zhongjie, Mr. Cheung Ying Kwan and Mr. Chen Zhao as independent non-executive Directors.