
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Nga Chun Holdings Company Limited, you should at once hand this document and the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the content of which form part of the terms and conditions of the Offer contained herein.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

**GOLD-FINANCE (HONG KONG)
ASSET MANAGEMENT LTD.**

金誠(香港)資產管理有限公司

(Incorporated in Hong Kong with limited liability)

**NGA CHUN HOLDINGS
COMPANY LIMITED**

雅駿控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1462)

**COMPOSITE DOCUMENT IN RELATION TO
UNCONDITIONAL MANDATORY CASH OFFER BY
CHINA EVERBRIGHT SECURITIES AND LY CAPITAL
FOR AND ON BEHALF OF THE OFFEROR
FOR ALL THE ISSUED SHARES IN THE COMPANY
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

Joint Financial Advisers to the Offeror



Independent Financial Adviser to the Independent Board Committee



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from the Joint Financial Advisers is set out on pages 6 to 15 of this Composite Document.

A letter from the Board is set out on pages 16 to 22 of this Composite Document.

A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Offer Shareholders is set out on pages 23 to 24 of this Composite Document.

A letter from the Independent Financial Adviser containing its advice on the Offer to the Independent Board Committee is set out on pages 25 to 41 of this Composite Document.

The procedures for acceptance and settlement of the Offer and related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar by no later than 4:00 p.m. on Tuesday, 16 February 2016 or such later time(s) and/or date(s) as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or, the Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the sub-paragraph headed "Overseas Shareholders" under the paragraph headed "The Offer" in the "Letter from the Joint Financial Advisers" on pages 10 of this Composite Document and paragraph headed "8. Overseas Shareholders" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer.

This Composite Document will remain on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ngachun.com.hk>) as long as the Offer remains open.

26 January 2016

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EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be jointly announced by the Offeror and the Company. Unless otherwise expressly stated, all time and date references contained in this Composite Document refer to Hong Kong time and dates.

Despatch date of this Composite Document and the Form of Acceptance and commencement date of the Offer (<i>Note 1</i>)	Tuesday, 26 January 2016
Latest time and date for acceptance of the Offer (<i>Note 2</i>)	4:00 p.m. on Tuesday, 16 February 2016
Closing Date (<i>Note 2</i>)	Tuesday, 16 February 2016
Announcement of the results of the Offer as at the Closing Date to be posted on the website of the Stock Exchange (<i>Note 2</i>)	no later than 7:00 p.m. on Tuesday, 16 February 2016
Latest date for posting of remittances in respect of valid acceptances received under the Offer (<i>Note 3</i>)	Thursday, 25 February 2016

Notes:

1. The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and are capable of acceptance on and from that date until the Closing Date. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the section headed “Right of withdrawal” in Appendix I to this Composite Document.
2. The Offer will be closed on the Closing Date. The latest time for acceptance is 4:00 p.m. on Tuesday, 16 February 2016 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be issued through the Stock Exchange website by 7:00 p.m. on Tuesday, 16 February 2016 stating whether the Offer has been revised or extended or has closed. In the event that the Offeror decides that the Offer will remain open until further notice, at least 14 days’ notice by way of an announcement will be given before the Offer is closed to those Offer Shareholders who have not accepted the Offer.
3. Remittances in respect of the cash consideration payable for the Shares tendered under the Offer will be made as soon as possible, but in any event within seven Business Days following the date of receipt by the Registrar of the valid requisite documents from the Offer Shareholders accepting the Offer.

IMPORTANT NOTICE

NOTICE TO SHAREHOLDERS OUTSIDE HONG KONG

The making of the Offer to persons outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions. Overseas Shareholders should observe any applicable legal requirements and, where necessary, seek independent legal advice. It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction. The Offeror, the Company, China Everbright Capital, China Everbright Securities, LY Capital, Alliance Capital and the Registrar, their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the paragraph headed “Taxation advice” set out in the “Letter from the Joint Financial Advisers” in this Composite Document.

DEFINITIONS

In this Composite Document, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“associate”	has the meaning ascribed thereto in the Takeovers Code or the Listing Rules (as appropriate)
“Board”	the board of Directors from time to time
“Business Day”	the day(s) on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CAGR”	Compound average growth rate
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“China Everbright Capital”	China Everbright Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and one of the Joint Financial Advisers
“China Everbright Securities”	China Everbright Securities (HK) Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Closing Date”	16 February 2016, being the closing date of the Offer which is 21 days after the date on which this Composite Document is posted or any subsequent closing date(s) as may be determined and announced by the Offeror in accordance with the Takeovers Code
“Company”	Nga Chun Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 1462)
“Completion”	completion of the Share Sale pursuant to the Sale and Purchase Agreement
“Composite Document”	this composite offer and response document dated 26 January 2016 jointly issued by the Offeror and the Company to the Offer Shareholders in connection with the Offer and in accordance with the Takeovers Code

DEFINITIONS

“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	Director(s) of the Company from time to time
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director
“Form of Acceptance”	the form of acceptance and transfer of Share(s) in respect of the Offer accompanying this Composite Document
“Fungs E & M”	Fungs E & M Engineering Company Limited (馮氏機電工程有限公司), a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of the Company
“Globetrade”	Globetrade Limited, a company incorporated in the BVI with limited liability, which is a wholly-owned subsidiary of Profit Chain
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Ir Ho Pun Hing, Ir Szeto Ka Sing and Dr. Leung Shiu Ki Albert, which has been established to make a recommendation to the Offer Shareholders (i) as to whether the Offer is, or is not, fair and reasonable; and (ii) as to acceptance
“Independent Financial Adviser” or “Alliance Capital”	Alliance Capital Partners Limited, the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Offer Shareholders in relation to the terms of the Offer and in particular (i) as to whether the Offer is, or is not, fair and reasonable; and (ii) as to acceptance
“independent third party(ies)”	individuals or companies which is/are independent from and not connected with (within the meaning of the Listing Rules) any directors, chief executives and substantial shareholders of the Group, the Offeror and any of their respective associates
“Joint Announcement”	the joint announcement dated 15 December 2015 jointly issued by the Offeror and the Company in relation to, among others, the Share Sale and the Offer

DEFINITIONS

“Joint Financial Advisers”	China Everbright Capital and LY Capital, being the joint financial advisers to the Offeror in respect of the Offer
“Last Trading Day”	4 December 2015, being the last full trading day of the Shares immediately prior to the suspension of trading in the Shares on the Stock Exchange at 9:00 a.m. on 7 December 2015 pending the release of the Joint Announcement
“Latest Practicable Date”	22 January 2016, being the latest practicable date prior to printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LY Capital”	LY Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and one of the Joint Financial Advisers
“Master Grand”	Master Grand Investment Company Limited, incorporated in the BVI with limited liability, which is wholly-owned by the Company
“Mr. Fung”	Mr. Fung Chi Wing, the chairman and executive Director of the Company
“Mr. Wei”	Mr. Wei Jie, the sole director of the Offeror and the ultimate beneficial owner of 90% of the Offeror
“Ms. Xu”	Ms. Xu Li Yun, the ultimate beneficial owner of 10% of the Offeror
“Offer”	the unconditional mandatory cash offer to be made by China Everbright Securities and LY Capital for and on behalf of the Offeror for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code
“Offer Period”	has the meaning ascribed thereto in the Takeovers Code, being the period commencing from the date of the Preliminary Announcement and ending on the Closing Date
“Offer Price”	the price at which the Offer will be payable by the Offeror to the Offer Shareholders accepting the Offer, being HK\$2.45 per Offer Share

DEFINITIONS

“Offer Share(s)”	all the issued Share(s) (other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it)
“Offer Shareholders”	the registered holder of the Offer Shares
“Offeror” or “Gold-Finance”	Gold-Finance (Hong Kong) Asset Management Limited 金誠(香港)資產管理有限公司, a company incorporated in Hong Kong with limited liability
“Overseas Shareholder(s)”	Offer Shareholder(s) whose address(es) as shown on the register of members of the Company is(are) outside Hong Kong
“PRC”	the People’s Republic of China which, for the purpose of this Composite Document, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Preliminary Announcement”	the joint announcement jointly issued by the Company and Vantage dated 5 November 2015, in relation to, among other things, the possible disposal of all or part of the Sale Shares by the Vendor
“Profit Chain”	Profit Chain Investments Limited, a company incorporated in the BVI with limited liability, which is a wholly-owned subsidiary of Vantage
“Registrar”	Tricor Investor Services Limited, being the Hong Kong branch share registrar and transfer office, whose address is at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period commencing on the date falling six months preceding the commencement of the Offer Period on 5 November 2015, up to and including the Latest Practicable Date
“Relevant Securities”	relevant securities of the Company as defined in Note 4 to Rule 22 of the Takeovers Code
“Sale and Purchase Agreement”	the agreement for the sale and purchase of the Sale Shares dated 7 December 2015 entered into among the Vendor, the Offeror and Mr. Fung
“Sale Share(s)”	300,000,000 Shares acquired by the Offeror from the Vendor pursuant to the Sale and Purchase Agreement, which represent 75% of the entire issued share capital of the Company as at the date of the Sale and Purchase Agreement, and “Sale Share” means any of them
“SFC”	the Securities and Futures Commission

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holder(s) of the issued Share(s)
“Share Sale”	acquisition of the Sale Shares by the Offeror from the Vendor in accordance with the terms and conditions of the Sale and Purchase Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Trading Day”	means a day on which securities can be freely traded on the Stock Exchange during whole of the normal trading hours of the Stock Exchange regardless of whether any trades actually occur
“Vantage”	Vantage International (Holdings) Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 15)
“Vendor” or “Team Great”	Team Great Limited, a company incorporated in BVI with limited liability, which is beneficially owned as to 50% by Mr. Fung, 40% by Vantage and 10% by Mr. Fung Chuen as at the Latest Practicable Date
“%”	per cent.

The English translation of Chinese names or words in this Composite Document, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.



China Everbright Capital Limited



26 January 2016

To the Offer Shareholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
CHINA EVERBRIGHT SECURITIES AND LY CAPITAL
FOR AND ON BEHALF OF THE OFFEROR
FOR ALL THE ISSUED SHARES IN THE COMPANY
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement.

On 15 December 2015, the Offeror and the Company jointly announced that on 7 December 2015, the Offeror, the Vendor and Mr. Fung entered into the Sale and Purchase Agreement. Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell and the Offeror has agreed to purchase the Sale Shares at an aggregate consideration of HK\$735,000,000, representing HK\$2.45 per Sale Share. Completion took place immediately after the signing of the Sale and Purchase Agreement. Immediately following Completion, the Offeror and the parties acting in concert with it become interested in a total of 300,000,000 Shares, representing 75% of the existing issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already acquired or agreed to be acquired by the Offeror and parties acting in concert with it). The Offer, when made, will be unconditional in all respects.

This letter sets out, among other things, the details of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. The terms of the Offer are set out in this letter, Appendix I to this Composite Document, and the accompanying Form of Acceptance.

The Offer Shareholders are strongly advised to consider carefully the information contained in the “Letter from the Board”, “Letter from the Independent Board Committee” and “Letter from the Independent Financial Adviser” as set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

LETTER FROM THE JOINT FINANCIAL ADVISERS

THE OFFER

As at the Latest Practicable Date, there are 400,000,000 Shares in issue. The Company has no outstanding warrants, options, derivatives, convertibles or other securities in issue which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the Shares.

Principal terms of the Offer

China Everbright Securities and LY Capital, on behalf of the Offeror, will make the Offer in accordance with the Takeovers Code on the following terms:

For every Offer Share accepted under the Offer HK\$2.45 in cash

The Offer Price of HK\$2.45 per Offer Share is the same as the price per Sale Share of HK\$2.45 paid by the Offeror to the Vendor pursuant to the Sale and Purchase Agreement and was arrived at after arm's length negotiations between the Offeror and the Vendor.

The Offer is extended to all Offer Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them or subsequently becoming attached to them on or after the date on which the Offer is made, being the date of the despatch of this Composite Document.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of the Shares or any other conditions.

Comparison of value

The Offer Price of HK\$2.45 represents:

- (i) a premium of approximately 9.87% to the closing price of HK\$2.23 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 10.16% to the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day of HK\$2.22 per Share;
- (iii) a premium of approximately 9.62% to the average closing price of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day of HK\$2.24 per Share;
- (iv) a premium of approximately 14.29% to the average closing price of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day of HK\$2.14 per Share;

LETTER FROM THE JOINT FINANCIAL ADVISERS

- (v) a premium of approximately 31.63% to the average closing price of the Shares as quoted on the Stock Exchange for the 90 consecutive trading days immediately prior to and including the Last Trading Day of HK\$1.86 per Share;
- (vi) a discount of approximately 1.21% to the closing price of HK\$2.48 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vii) a premium of approximately 295.71% over the unaudited consolidated net asset value attributable to equity holders of the Company of approximately HK\$0.62 per Share (based on the number of issued Shares at as the date of the joint announcement) as at 30 September 2015;
- (viii) a premium of approximately 297.18% over the audited consolidated net asset value attributable to equity holders of the Company of approximately HK\$0.62 per Share (based on the number of issued Shares at as the date of the joint announcement) as at 31 March 2015, the date to which the latest audited financial results of the Group were made up; and
- (ix) a premium of approximately 10.86% over the closing price of HK\$2.21 per Share as quoted on the Stock Exchange on the last Business Day prior to the Preliminary Announcement.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$2.50 per Share on 22, 28, 29 and 30 December 2015 and HK\$1.22 per Share on 8 July 2015, respectively.

Total value of the Offer

As at the Latest Practicable Date, the Company had 400,000,000 Shares in issue and had no outstanding warrants, options, derivatives, convertibles or other securities in issue which may confer any rights to the holders thereof to subscribe for, convert or exchange into Shares. As the Offeror and parties acting in concert with it own 300,000,000 Shares immediately after Completion and assuming there is no change in the issued share capital of the Company prior to the close of the Offer, 100,000,000 Shares will be subject to the Offer and the total consideration of the Offer would be approximately HK\$245,000,000 based on the Offer Price and on the basis of full acceptances of the Offer.

Financial resources available for the Offer

The financial resources required from the Offeror to satisfy the consideration for the Offer amounting to an aggregate of HK\$245,000,000 are financed by internal resources of the Offeror.

LETTER FROM THE JOINT FINANCIAL ADVISERS

China Everbright Capital and LY Capital have been appointed as the joint financial advisers to the Offeror in respect of the Offer and confirms that as at the Latest Practicable Date, (i) there have been no material changes to the availability of financial resources since the date of the Joint Announcement; and (ii) the financial resources available to the Offeror are sufficient to satisfy the full acceptance of the Offer.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven business days (as defined under the Takeovers Code) of the date on which the relevant documents of title are received by the Offeror to render such acceptance complete and valid.

Effect of accepting the Offer

By accepting the Offer, the Offer Shareholders will sell their Offer Shares free from encumbrances and together with all rights attaching to them, and all dividends and distributions recommended, declared, made or paid on such Shares on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

Acceptance of the Offer by any Offer Shareholder will be deemed to constitute a warranty by such person that all the Shares sold by such person under the Offer are free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and distributions recommended, declared, made or paid, if any, on or after the date on which the Offer is made, being the date of despatch of this Composite Document. Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.1% (or part thereof) of the consideration payable in respect of the relevant acceptance by the relevant Offer Shareholders or if higher, the market value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 111 of the laws of Hong Kong), will be deducted from the cash amount payable by the Offeror on behalf of the relevant Offer Shareholders who accept the Offer. The Offeror will bear the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and will arrange for the payment of the seller's ad valorem stamp duty on behalf of the relevant Offer Shareholders accepting the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the laws of Hong Kong).

Taxation advice

The Offer Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, China Everbright Capital, China Everbright Securities, LY Capital, Alliance Capital and their respective

LETTER FROM THE JOINT FINANCIAL ADVISERS

ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Shareholders

As the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, the Overseas Shareholders who are citizens or residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements and where necessary seek legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdiction).

Dealing and interest in the Company's securities

For the six months immediately prior to 5 November 2015 (being the date of the Preliminary Announcement) and up to the Latest Practicable Date, save for the entering into of the Sale and Purchase Agreement, the Offeror, its ultimate beneficial owner or any party acting in concert with any one of them have not dealt in nor do they have had any Shares or Relevant Securities of the Company.

Other arrangements

The Offeror confirms that as at the Latest Practicable Date:

- (i) the Offeror, its ultimate beneficial owner, and/or parties acting in concert with any of them have not received any irrevocable commitment to accept the Offer;
- (ii) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror, its ultimate beneficial owner and/or any person acting in concert with any of them;
- (iii) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which may be material to the Offer (as referred to in note 8 to Rule 22 of the Takeovers Code);
- (iv) save for the Sale Shares acquired under the Sale and Purchase Agreement, none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;

LETTER FROM THE JOINT FINANCIAL ADVISERS

- (v) save for the Sale and Purchase Agreement, there is no agreement or arrangement to which the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer; and
- (vi) there is no Relevant Security in the Company which the Offeror and/or any person acting in concert with any of them has borrowed or lent.

Compulsory acquisition

The Offeror and parties acting in concert with it do not intend to exercise any right which may be available to them to acquire compulsorily any Shares not tendered for acceptance under the Offer.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in Hong Kong with limited liability. The Offeror is an investment holding company, which is wholly-owned by Zhejiang Jin Cheng Asset Management Company Limited[#] (浙江金誠資產管理有限公司) (“**Zhejiang Jin Cheng**”), which, in turn, is wholly-owned by Ningbo He Ze Run Industrial Investment Limited[#] (寧波和澤潤實業投資有限公司) (“**Ningbo He Ze Run**”). Ningbo He Ze Run is beneficially owned as to 90% by Mr. Wei and 10% by Ms. Xu. Mr. Wei is the sole director of the Offeror.

Zhejiang Jin Cheng is a company established in the PRC with limited liability and is principally engaged in asset management, investment management and investment consultation. The directors of Zhejiang Jin Cheng are Ms. Xu, Ms. Chen Zheng and Mr. Fu Kangzhou.

Ningbo He Ze Run is a company established in the PRC with limited liability and is principally engaged in the business of production, reproduction and distribution of featured programs and variety shows. Ms. Xu is the sole director of Ningbo He Ze Run.

Mr. Wei, aged 34, completed a three-year distance learning course offered by Zhejiang University (浙江大學) and obtained his undergraduate degree in law therefrom in 2005. Mr. Wei then obtained his master degree in law from Zhejiang University Guanghua Law School (浙江大學光華法學院) in June 2013. Mr. Wei started his legal training in 2001 as a legal assistant in Zhejiang Yuehanlin Law Firm (浙江越翰林律師事務所) and was later retained and worked as an attorney in the same firm until 2007. Mr. Wei is the chairman and CEO of Gold-Finance (Holding) Group Co. Ltd. Mr. Wei joined Hangzhou Jinzhicheng Wealth Management Consulting Co. Ltd.[#] (杭州金至誠理財諮詢有限公司) (“**Jinzhicheng**”) in May 2009. Mr. Wei has taken part and led the design of many finance management projects. These projects include large government related products such as “金浙一號” and “金蘇一號” and real estate type products like Lingshan Fund. Since 2009, Mr. Wei promoted and founded a national high-end financial forum “Xihu Lunjin” (西湖論金) where many well-known economists, economic strategists and senior managers gather and discuss about the economy and asset management.

LETTER FROM THE JOINT FINANCIAL ADVISERS

Ms. Xu, aged 35, obtained her bachelor's degree of financial accounting from Shanghai University of Finance and Economics (上海財經大學) on 30 December 2005 (through self-study examination of higher education). Ms. Xu has been the general manager of finance department of Zhejiang Chengze Jinkai Investment Management Co. Ltd.[#] (浙江誠澤金開投資管理有限公司) (“**Chengze Jinkai**”) since November 2012. She is in charge of establishing and improving the financial control system and making strategic suggestions. From April 2005 to March 2007, Ms. Xu worked for Taiying (Shanghai) International Trade Co. Ltd.[#] (泰映(上海)國際貿易有限公司) and from May 2007 to June 2011, Ms. Xu worked for Zhongda Electronic Communication Co. Ltd.[#] (中達電通股份有限公司). Ms. Xu served as financial executive and deputy financial controller of Chengze Jinkai from July 2011 to March 2012 and from April 2012 to October 2012, respectively. Ms. Xu is the cousin of Mr. Wei.

INFORMATION ON THE GROUP

The Company, an exempted company incorporated in the Cayman Islands with limited liability and the entire issued Shares of which are listed on the main board of the Stock Exchange, is an investment holding company. Its subsidiaries are principally engaged in building service works in Hong Kong.

The following table is a summary of certain consolidated financial information of the Group for the two financial years ended 31 March 2014 and 31 March 2015 and for the six months ended 30 September 2015 as extracted from the annual report and interim report of the Company, respectively.

	Year ended	Year ended	Six months
	31 March	31 March	ended
	2014	2015	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)
Turnover	581,494	684,578	291,476
Profit before taxation	55,697	48,067	16,103
Profit after taxation	45,278	38,527	12,911
Net profit	45,278	38,527	12,911

OFFEROR'S INTENTION ON THE GROUP

Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group and maintain the listing status the Company. The Offeror will conduct a more detailed review on the financial position and the operations of the Group with a view to formulate a comprehensive business strategy of the Group and subject to the result of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification would be appropriate to enhance the long-term growth potential of the Group. As at the

LETTER FROM THE JOINT FINANCIAL ADVISERS

Latest Practicable Date, the Offeror has no plan of injecting any of its assets into the Group (but any proposed injection of assets in the future will be made in compliance with the Listing Rules) and has no intention to (i) discontinue the employment of any employees of the Group (save for a change in the composition of the Board); (ii) redeploy the fixed assets of the Group other than those in its ordinary and usual course of business; or (iii) introduce any major changes in the business of the Company.

PROPOSED CHANGE OF COMPOSITION OF THE BOARD

As at the Latest Practicable Date, the Board is made up of six Directors, comprising (i) Mr. Fung Chi Wing, Ms. Fung Mei Lan and Ir Wong Chi Wai as executive Directors; and (ii) Ir Ho Pun Hing, Ir Szeto Ka Sing and Dr. Leung Shiu Ki Albert as independent non-executive Directors.

Pursuant to the terms of the Sale and Purchase Agreement, subject to Completion, the Vendor shall cause such Directors as may be notified by the Offeror to the Vendor to give notice to resign as Directors with effect from the earliest time permitted under the Takeovers Code. Such resignation will not take effect earlier than the date of the close of the Offer.

In addition, pursuant to the terms of the Sale and Purchase Agreement, the Vendor shall cause such persons as the Offeror may nominate to be validly appointed as Directors with effect from the earliest time permitted under the Takeovers Code. Such appointment will not take effect earlier than the date of despatch of this Composite Document in relation to the Offer, subject to the requirements of the Takeovers Code. A further announcement will be made on any further proposed change of composition of the Board.

Any changes to the composition of the Board will be made in compliance with the Takeovers Code and the Listing Rules.

MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

As at the close of the Offer, if less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares under the Listing Rules.

In this connection, it should be noted that upon the close of the Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained.

The Offeror intends to maintain the listing of the Shares on the main board of the Stock Exchange.

LETTER FROM THE JOINT FINANCIAL ADVISERS

The sole director of the Offeror has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer. The new Directors (who will be nominated by the Offeror and appointed as Directors) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any power of compulsory acquisition of any Offer Shares outstanding and not acquired under the Offer after the close of the Offer.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

GENERAL

To ensure equality of the treatment of all Offer Shareholders, those Offer Shareholders who hold the Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

The attention of the Overseas Shareholders is drawn to paragraph headed “8. Overseas Shareholders” in Appendix I to this Composite Document.

All documents and remittance will be sent to the Offer Shareholders by ordinary post at their own risk. Such documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company or, in the case of joint Offer Shareholders, to the Offer Shareholder whose name appears first in the register of members of the Company, as applicable. None of the Company, the Offeror and parties acting in concert with it, China Everbright Capital, China Everbright Securities, LY Capital, Alliance Capital and the Registrar, nor any of their respective directors or any persons involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

LETTER FROM THE JOINT FINANCIAL ADVISERS

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form(s) of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the letter of advice by the Independent Financial Adviser to the Independent Board Committee in respect of the Offer as set out in the “Letter from the Independent Financial Adviser” contained in this Composite Document.

Yours faithfully,
For and on behalf of
China Everbright Capital Limited
Alvin Kam
Executive Director

Yours faithfully,
For and on behalf of
LY Capital Limited
Ernest Lam
Managing Director

LETTER FROM THE BOARD

NGA CHUN HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1462)

Executive Directors

Mr. Fung Chi Wing
Ms. Fung Mei Lan
Ir Wong Chi Wai

Independent non-executive Directors

Ir Ho Pun Hing
Ir Szeto Ka Sing
Dr. Leung Shiu Ki Albert

Registered office

Appleby Trust (Cayman) Ltd.
Clifton House
75 Fort Street, PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

*Head office and principal place of
business in Hong Kong*

Unit B, 10/F., Summit Building
30 Man Yue Street
Hung Hom, Kowloon
Hong Kong

26 January 2016

To the Offer Shareholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
CHINA EVERBRIGHT SECURITIES AND LY CAPITAL
FOR AND ON BEHALF OF THE OFFEROR
FOR ALL THE ISSUED SHARES IN THE COMPANY
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement.

On 15 December 2015, the Offeror and the Company jointly announced that on 7 December 2015, the Offeror, the Vendor and Mr. Fung entered into the Sale and Purchase Agreement. Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell and the Offeror has agreed to purchase the Sale Shares, representing 75% of the entire issued share capital of the Company as at the Latest Practicable Date. The aggregate consideration is HK\$735,000,000, representing HK\$2.45 per Sale Share, which was agreed between the Vendor and the Offeror after arm's length negotiations. Completion took place immediately after the signing of the Sale and Purchase Agreement and the consideration was paid by the Offeror in full upon signing of the Sale and Purchase Agreement.

LETTER FROM THE BOARD

Immediately following Completion, the Offeror and the parties acting in concert with it become interested in a total of 300,000,000 Shares, representing 75% of the existing issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already acquired or agreed to be acquired by the Offeror and parties acting in concert with it). The Offer, when made, will be unconditional in all respects.

The Independent Board Committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Offer, has been established to advise the Offer Shareholders as to whether the Offer is, or is not, fair and reasonable and as to its acceptance. The Independent Board Committee has appointed Alliance Capital as the Independent Financial Adviser to advise the Independent Board Committee on the terms of the Offer, and in particular, as to whether the Offer is, or is not, fair and reasonable and as to its acceptance.

The purpose of this Composite Document is to provide you with, among other things, (i) information relating to the Group, the Offeror and the Offer; (ii) the “Letter from the Independent Board Committee” containing its recommendation to the Offer Shareholders in respect of the Offer; and (iii) the “Letter from the Independent Financial Adviser” containing its recommendation to the Independent Board Committee in respect of the Offer.

SHARE CAPITAL AND SHAREHOLDING STRUCTURE OF THE COMPANY

The authorised share capital of the Company as at the Latest Practicable Date was HK\$10,000,000.

The issued share capital of the Company as at the Latest Practicable Date comprised:

	Number of the Shares held as at the Latest Practicable Date	Percentage of shareholding (%)
The Offeror and parties acting in concert with it	300,000,000	75.00
Public	<u>100,000,000</u>	<u>25.00</u>
Total	<u><u>400,000,000</u></u>	<u><u>100.00</u></u>

All existing issued Shares rank *pari passu* in all respect including all rights as to dividends, voting and interests in capital.

LETTER FROM THE BOARD

Set out below is the shareholding structure of the Company (i) immediately prior to Completion; and (ii) immediately after Completion and as at the Latest Practicable Date:

	Immediately prior to Completion		Immediately after Completion and as at the Latest Practicable Date	
	<i>Number of the Shares held</i>	%	<i>Number of the Shares held</i>	%
The Offeror and parties acting in concert with it	—	—	300,000,000	75.00
Team Great (<i>Note</i>)	300,000,000	75.00	—	—
Public	<u>100,000,000</u>	<u>25.00</u>	<u>100,000,000</u>	<u>25.00</u>
Total	<u>400,000,000</u>	<u>100.00</u>	<u>400,000,000</u>	<u>100.00</u>

Note: Team Great is legally and beneficially owned as to 50% by Mr. Fung and 10% by Mr. Fung Chuen, with the remaining 40% legally owned by Globetrade, a wholly-owned subsidiary of Profit Chain, which in turn, is a wholly-owned subsidiary of Vantage. Mr. Ngai Chun Hung, as the settlor and a beneficiary of the Xyston Trust (which holds 838,760,400 shares in Vantage through Winhale Ltd.) and the beneficial owner of Fame Yield International Limited (which holds 235,000,000 shares in Vantage), together with 6,250,800 shares in Vantage held by himself, is interested in approximately 61.83% of the issued share capital of Vantage. Accordingly, all of Team Great, Globetrade, Profit Chain, Vantage, Mr. Fung and Mr. Ngai Chun Hung are controlling shareholders of the Company.

As at the Latest Practicable Date, (i) the Company has no outstanding warrants, options, derivatives, convertibles or other securities in issue which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the Shares; and (ii) save for the Sale Shares acquired through the Share Sale, none of the Offeror, its directors, nor the parties acting in concert with the Offeror has held, owned or controlled any Shares, derivatives, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares during the Relevant Period.

No new Shares have been issued since 31 March 2015 (being the date on which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date.

LETTER FROM THE BOARD

UNCONDITIONAL MANDATORY CASH OFFER

Immediately following Completion, the Offeror and the parties acting in concert with it become interested in a total of 300,000,000 Shares, representing 75% of the existing issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already acquired or agreed to be acquired by the Offeror and parties acting in concert with it). The Offer, when made, will be unconditional in all respects.

Details of the Offer are set out in the “Letter from the Joint Financial Advisers” on pages 6 to 15 of this Composite Document and in the Form of Acceptance.

Principal terms of the Offer

China Everbright Securities and LY Capital, on behalf of the Offeror, will make the Offer in accordance with the Takeovers Code on the following terms:

For every Offer Share accepted under the Offer HK\$2.45 in cash

The Offer Price of HK\$2.45 per Offer Share is the same as the price per Sale Share of HK\$2.45 paid by the Offeror to the Vendor pursuant to the Sale and Purchase Agreement and was arrived at after arm’s length negotiations between the Offeror and the Vendor.

The Offer is extended to all Offer Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them on or after the date on which the Offer is made, being the date of the despatch of this Composite Document or subsequently becoming attached to them.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of the Shares or any other conditions.

Further details of the Offer

Further details of the Offer, among other things, including the terms and conditions of the Offer and the procedures for acceptance and settlement of the Offer, are contained in the “Letter from the Joint Financial Advisers” on pages 6 to 15 of and in Appendix I to this Composite Document, and in the Form of Acceptance.

INFORMATION ON THE GROUP

The Company, an exempted company incorporated in the Cayman Islands with limited liability and the entire issued Shares of which are listed on the main board of the Stock Exchange, is an investment holding company. Its subsidiaries are principally engaged in building service works in Hong Kong.

LETTER FROM THE BOARD

The following table is a summary of certain consolidated financial information of the Group for the two financial years ended 31 March 2014 and 31 March 2015 and for the six months ended 30 September 2015 as extracted from the annual report and interim report of the Company, respectively.

	Year ended 31 March 2014	Year ended 31 March 2015	Six months ended 30 September 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)
Turnover	581,494	684,578	291,476
Profit before taxation	55,697	48,067	16,103
Profit after taxation	45,278	38,527	12,911
Net profit	45,278	38,527	12,911

Further Information

Further information in relation to the Company is set out in Appendix III to this Composite Document. An expected timetable in relation to the Offer is set out under the section headed “Expected timetable” of this Composite Document.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from the Joint Financial Advisers” as set out on pages 11 to 12 of this Composite Document.

OFFEROR’S INTENTION ON THE GROUP

The Directors note from the “Letter from the Joint Financial Advisers” that the Offeror intends that the Company will continue its existing principal businesses. Your attention is drawn to the section headed “Offeror’s Intention on the Group” in the “Letter from the Joint Financial Advisers” as set out on pages 12 to 13 of this Composite Document.

The Directors have noted the intentions of the Offeror in respect of the Company and its employees, as disclosed in the “Letter from the Joint Financial Advisers” on page 13 of this Composite Document.

PROPOSED CHANGE OF COMPOSITION OF THE BOARD

As at the Latest Practicable Date, the Board is made up of six Directors, comprising (i) Mr. Fung Chi Wing, Ms. Fung Mei Lan and Ir Wong Chi Wai as executive Directors; and (ii) Ir Ho Pun Hing, Ir Szeto Ka Sing and Dr. Leung Shiu Ki Albert as independent non-executive Directors.

LETTER FROM THE BOARD

Your attention is drawn to the section headed “Proposed change of composition of the Board’ in the “Letter from the Joint Financial Advisers” on page 13 of this Composite Document.

After the despatch of this Composite Document, the Offeror will nominate new Director(s) to the Board. Any changes to the Board composition will be made in compliance with the Takeovers Code and the Listing Rules and a further announcement will be made accordingly.

MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

As at the close of the Offer, if less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares under the Listing Rules.

In this connection, it should be noted that upon the close of the Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained.

The Offeror intends to maintain the listing of the Shares on the main board of the Stock Exchange.

The sole director of the Offeror has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer. The new Directors (who will be nominated by the Offeror and appointed as Directors) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

RECOMMENDATION

The Independent Board Committee has been established to make recommendation to the Offer Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance.

Your attention is drawn to the “Letter from the Independent Board Committee” as set out on pages 23 to 24 of this Composite Document which contains its recommendation to the Offer Shareholders in respect of the Offer, and the “Letter from the Independent Financial Adviser” as set out on pages 25 to 41 of this Composite Document containing its advice to the Independent Board Committee in respect of the Offer.

ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from the Joint Financial Advisers” as set out on pages 6 to 15 of this Composite Document and Appendix I to this Composite Document and the Form of Acceptance, which contain details of the Offer. Your attention is also drawn to the information set out in the appendices to this Composite Document.

LETTER FROM THE BOARD

In considering the action to be taken in connection with the Offer, the Offer Shareholders should consider their own tax positions and, if they are in any doubt, they should consult their professional advisers.

Yours faithfully,
By order of the Board
Nga Chun Holdings Company Limited
Fung Chi Wing
Chairman

NGA CHUN HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1462)

26 January 2016

To the Offer Shareholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
CHINA EVERBRIGHT SECURITIES AND LY CAPITAL
FOR AND ON BEHALF OF THE OFFEROR
FOR ALL THE ISSUED SHARES IN THE COMPANY
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to the composite and response document (the “**Composite Document**”) dated 26 January 2016 jointly issued by the Offeror and the Company, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Offer Shareholders are concerned and as to acceptance.

Alliance Capital has been appointed as the Independent Financial Adviser to the Independent Board Committee to advise us in respect of the terms of the Offer and as to acceptance. Details of its advice and principal factors taken into consideration in arriving at its recommendation are set out in the “Letter from the Independent Financial Adviser” on pages 25 to 41 of this Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having taken into account the terms of the Offer and the advice and recommendations of the Independent Financial Adviser, we consider the terms of the Offer are fair and reasonable so far as the Offer Shareholders are concerned. Therefore, we recommend the Offer Shareholders to accept the Offer.

Yours faithfully,

For and on behalf of

the Independent Board Committee of

Ir Ho Pun Hing

*Independent non-executive
Director*

Ir Szeto Ka Sing

*Independent non-executive
Director*

Dr. Leung Shiu Ki Albert

*Independent non-executive
Director*

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from Alliance Capital Partners Limited to the Independent Board Committee in relation to the unconditional mandatory cash offer by China Everbright Securities and LY Capital for and on behalf of the Offeror to acquire all issued Shares (other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it) for the purpose of inclusion in this Composite Document.



Alliance Capital Partners Limited
同人融資有限公司

26 January 2016

To the Independent Board Committee

Dear Sirs,

**UNCONDITIONAL MANDATORY CASH OFFER BY
CHINA EVERBRIGHT SECURITIES AND LY CAPITAL
FOR AND ON BEHALF OF THE OFFEROR
FOR ALL THE ISSUED SHARES IN THE COMPANY
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

A. INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee in respect of the unconditional mandatory cash offer by China Everbright Securities and LY Capital for and on behalf of the Offeror to acquire all the issued Shares (other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it), details of which are set out in the Composite Document dated 26 January 2016, of which this letter forms part. This letter contains our advice to the Independent Board Committee as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. Unless otherwise stated, terms defined in the Composite Document have the same meanings in this letter.

As stated in the Joint Announcement, pursuant to the Sale and Purchase Agreement on 7 December 2015, Team Great (as Vendor) sold all Sale Shares, representing 75% of the share capital of the Company, which it owned to the Offeror (as purchaser) for an aggregate consideration of HK\$735,000,000, representing HK\$2.45 per Sale Share. Completion took place immediately upon the signing of the Sale and Purchase Agreement. Upon Completion, Team Great ceased to hold any Shares.

Pursuant to Rule 26.1 of the Takeovers Code, China Everbright Securities and LY Capital, for and on behalf of the Offeror, makes an unconditional mandatory cash offer for all the Offer Shares, being all the issued Shares other than those already owned by the Offeror and parties acting in concert with it, at HK\$2.45 per Offer Share.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

We are not in the same group as the financial or other professional advisers (including a stockbroker) to the Offeror or the Company, or their respective associates or have, or had, a connection, financial or otherwise, with either the Offeror or the Company, or their respective controlling shareholders within the past two years prior to the commencement of the Offer Period. Apart from normal professional fees payable to us in connection with this engagement, no other arrangement exists whereby we shall receive any fees or benefits from Offeror, the Company, or any of their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them. Nor do we have any shareholding in any member of the Group and the Offeror or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. Accordingly, we are considered eligible to give an independent advice to the Independent Board Committee.

B. BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Composite Document; (ii) the information and facts supplied by the Group and its advisers; (iii) the statements made by the Offeror, particularly in relation to its future intentions relating to the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions contained or referred to in the Composite Document were true, accurate and complete at the time they were made and continue to be so as at the Latest Practicable Date. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and opinions expressed to us by them and that all information or representations regarding the Group and the Offer provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading at the time they were made and up to the Latest Practicable Date of the Composite Document. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the management of the Group, the advisers of the Company and/or the Offeror (where applicable). In the event there is any material change to statements, information or representations made by the Directors following the Latest Practicable Date, shareholders will be notified accordingly under the Takeovers Code.

We consider that we have reviewed sufficient information to reach an informed view and to justify our reliance on the accuracy of the information contained in the Composite Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

C. PRINCIPAL TERMS OF THE OFFER

China Everbright Securities and LY Capital, will make, on behalf of the Offeror in accordance with the Takeovers Code on the following terms:

For each Offer Share HK\$2.45 payable in cash

The Offer Price of HK\$2.45 per Offer Share is the same as the price per Sale Share paid by the Offeror to the Vendor pursuant to the Sale and Purchase Agreement.

The Offer is being extended to all Offer Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all encumbrances, rights of pre-emption and any other third party rights and together with all rights attaching to them or subsequently becoming attached to them on or after the date on which the Offer is made, being the date of the despatch of this Composite Document.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of the Shares or any other conditions.

Further details of the Offer including, among others, the expected timetable and the terms and procedures of acceptance of the Offer, are set out in the sections headed “Expected Timetable”, “Letter from the Joint Financial Advisers” and Appendix I to the Composite Document and the Form of Acceptance.

D. PRINCIPAL FACTORS CONSIDERED

In formulating our opinion regarding the Offer, we have taken into consideration the following principal factors:

1. Background information

i. Information on the Group

The shares of the Company were first listed on the Main Board of the Stock Exchange on 16 October 2014. The Group is principally engaged in the provision of building services in Hong Kong as subcontractor, mainly related to (i) electrical installation works; (ii) air-conditioning installation works; and (iii) fire services installation works. As stated in the Company’s annual report for the year ended 31 March 2015 (the “**2014/15 Annual Report**”), the Company 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.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

ii. Historical financial performance of the Group

Set out below is of certain consolidated financial information of the Group for the two financial years ended 31 March 2014 and 2015 and for the six months ended 30 September 2014 and 2015 as extracted from the annual report and interim results announcement of the Group, respectively:

	For the year ended 31 March		For the six months ended 30 September	
	2014 ("FY2013/14") <i>HK\$'000</i> (Audited)	2015 ("FY2014/15") <i>HK\$'000</i> (Audited)	2014 ("1H 2014/15") <i>HK\$'000</i> (Unaudited)	2015 ("1H 2015/16") <i>HK\$'000</i> (Unaudited)
Turnover	581,494	684,578	312,978	291,476
Gross profit	74,994	73,654	29,195	26,369
Profit after taxation	45,278	38,527	10,846	12,911

(a) FY2014/15 compared to FY2013/14

The Group generated its revenue from provision of building services in Hong Kong, particularly in the area of electrical, air-conditioning and fire services installation works. Revenue of the Group increased by approximately 17.7% from approximately HK\$581.5 million for the year ended 31 March 2014 ("FY2013/14") to approximately HK\$684.6 million for the year ended 31 March 2015 ("FY2014/15").

The Group recorded a gross profit of approximately HK\$73.7 million for FY2014/15. Gross profit margin decreased from approximately 12.9% in FY2013/14 to approximately 10.8% in FY2014/15. The decrease was mainly due to the higher revenue of approximately HK\$115.7 million generated from a one-off project in the public sector in Tai Lam and three retainer projects in the public sector for institutional buildings which recorded relatively lower gross profit margins due to competitive conditions at their contract negotiation stages.

During FY2014/15, the Group recorded an after-tax profit of approximately HK\$38.5 million, a decrease of approximately 14.9% as compared to approximately HK\$45.3 million the fiscal year before. The above profit decrease was mainly as a result of an increase in administrative expenses, which was brought about by listing expenses of approximately HK\$12.1 million incurred during FY2014/15, which was partially offset by the reversal of an impairment of an amount due from a related party amounted to approximately HK\$5.5 million during the same year.

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(b) 1H 2015/16 compared to 1H 2014/15

Revenue of the Group decreased by approximately 6.9% from approximately HK\$313.0 million for the six months ended 30 September 2014 (“**1H 2014/15**”) to approximately HK\$291.5 million for the six months ended 30 September 2015 (“**1H 2015/16**”). The decrease was primarily due to the lower revenue recorded during 1H 2015/16 following substantial completion of two public sector projects in Chai Wan and Central in the year ended 31 March 2015. The revenue generated from these two projects were approximately HK\$30.1 million in 1H 2014/15 and approximately HK\$7.9 million in 1H 2015/16 respectively.

For 1H 2015/2016, the Group recorded a gross profit of approximately HK\$26.4 million, 9.7% lower compared to the gross profit of approximately HK\$29.2 million achieved during the corresponding period the year before. During the same period, after-tax profit increased by approximately 19.0% to approximately HK\$12.9 million from approximately HK\$10.8 million in the corresponding period the year before. The above profit increase was mainly attributable to a decrease in administrative expenses which was mainly attributable to the recognition of listing expenses of approximately HK\$6.4 million in 1H 2014/15 while there was no such expense during 1H 2015/2016.

iii. Historical financial position of the Group

Set out below is a summary of the Group’s consolidated statements of financial position as reported by the Company:

	As at 31 March 2014 HK\$’000 (Audited)	As at 31 March 2015 HK\$’000 (Audited)	As at 30 September 2015 HK\$’000 (Unaudited)
Non-current assets	71,450	73,354	81,610
Current assets	<u>212,596</u>	<u>300,045</u>	<u>290,513</u>
Total assets	<u><u>284,046</u></u>	<u><u>373,399</u></u>	<u><u>372,123</u></u>
Non-current liabilities	176	56	97
Current liabilities	<u>144,365</u>	<u>126,601</u>	<u>124,373</u>
Total liabilities	<u><u>144,541</u></u>	<u><u>126,657</u></u>	<u><u>124,470</u></u>
Net assets	<u><u>139,505</u></u>	<u><u>246,742</u></u>	<u><u>247,653</u></u>

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Financial position of the Group as at 30 September 2015

The total assets of the Group as at 30 September 2015 remained more or less stable compared to that of 31 March 2015. The increase in non-current assets of the Group, which was from approximately HK\$73.4 million as at 31 March 2015 to approximately HK\$81.6 million as at 30 September 2015, was mainly attributable to the increase in property, plant and equipment. Current assets of the Group decreased from approximately HK\$300.0 million as at 31 March 2015 to approximately HK\$290.5 million as at 30 September 2015. The above decrease was largely attributable to a combination of (i) a decrease in gross amount due from customers for contract works of approximately HK\$5.7 million which was mainly due to significant completion of a project in Wong Chuk Hang during the six months ended 30 September 2015 and, following such completion the gross amount due from customers for contract works was recognised as contract cost during the period under the Hong Kong financial reporting standards; (ii) a decrease in account receivable of approximately HK\$13.1 million which is generally in line with the decreasing trend of the revenue in 1H 2015/16 compared to 1H 2014/15; and (iii) an increase in financial assets at fair value through profit or loss of approximately HK\$8.5 million.

Total liabilities of the Group as at 30 September 2015 amounted to approximately HK\$124.5 million. This was compared to the total liabilities of approximately HK\$126.7 million of 31 March 2015, representing a slight decrease of approximately HK\$2.2 million during the period. The aforesaid movement was largely due to a combination of (i) increase in dividend payable of approximately HK\$12.0 million; (ii) decrease in account payable of approximately HK\$9.3 million as the Company has settled before their due dates during the period; and (iii) decrease in interest-bearing bank loans of approximately HK\$6.5 million as the Company has fully repaid such loans during the period.

The Group's net assets was approximately HK\$247.7 million as at 30 September 2015, compared to approximately HK\$246.7 million as at 31 March 2015, representing an increase of approximately HK\$1.0 million during the period.

Financial position of the Group as at 31 March 2014 and 2015

The total assets of the Group increased from approximately HK\$284.0 million as at 31 March 2014 to approximately HK\$373.4 million as at 31 March 2015, which was mainly attributable to the increase in cash and cash equivalents mainly as a result of the Company's listing in October 2014 which raised net proceeds of approximately HK\$104.7 million. As set out in the 2014/2015 annual report, the increase in cash and cash equivalents was mainly due to the combined effects of (i) net proceeds received from the Company's listing amounted to approximately HK\$104.7 million; (ii) net

cash inflow from operating activities of approximately HK\$27.7 million during FY2014/15; (iii) the increase in a time deposit with original maturity of more than three months from investing activities of approximately HK\$14.9 million; (iv) the repayment of interest bearing bank loans of approximately HK\$21.8 million; and (v) the payment of an interim dividend of approximately HK\$36.0 million.

Total liabilities of the Group as at 31 March 2015 was approximately HK\$126.7 million compared to total liabilities of approximately HK\$144.5 million as at 31 March 2014, representing a decrease of HK\$17.8 million during the period, which was mainly attributable to the decrease in interest-bearing bank loans.

The Group's net assets was approximately HK\$246.7 million as at 31 March 2015, compared to approximately HK\$139.5 million as at 31 March 2014, representing an increase of approximately HK\$107.2 million.

2. Information on the Offeror and its intensions regarding the Group

i. Information on the Offeror

The Offeror is an investment holding company incorporated in Hong Kong and is wholly-owned by Zhejiang Jin Cheng Asset Management Company Limited (浙江金誠資產管理有限公司) (“**Zhejiang Jin Cheng**”), which, in turn, is wholly-owned by Ningbo He Ze Run Industrial Investment Limited (寧波和澤潤實業投資有限公司) (“**Ningbo He Ze Run**”). Ningbo He Ze Run is beneficially owned as to 90% by Mr. Wei Jie (“**Mr. Wei**”) and 10% by Ms. Xu Li Yun (“**Ms. Xu**”). Mr. Wei is the sole director of the Offeror.

Zhejiang Jin Cheng is a company established in the PRC with limited liability and is principally engaged in asset management, investment management and investment consultation. The directors of Zhejiang Jin Cheng are Ms. Xu, Ms. Chen Zheng and Mr. Fu Kangzhou.

Ningbo He Ze Run is a company established in the PRC with limited liability and is principally engaged in the business of production, reproduction and distribution of featured programs and variety shows.

As disclosed in “Letter from Joint Financial Advisers” in the Composite Document, Mr. Wei has experience in the financial services and investment industry. Mr. Wei is chairman and CEO of Gold-Finance (Holding) Group Co. Ltd. and founded Hangzhou Jinzhicheng Wealth Management Consulting Co. Ltd. (杭州金至誠理財諮詢有限公司) (“**Jinzhicheng**”) in May 2009.

Ms. Xu has been the general manager of finance department of Zhejiang Chengze Jinkai Investment Management Co. Ltd. (浙江誠澤金開投資管理有限公司) (“**Chengze Jinkai**”) since November 2012. She is in charge of establishing and improving the financial control system and making strategic suggestions.

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We note that neither the Offeror, Mr. Wei nor Ms. Xu has experience in the Group's existing business in the provision of building services in Hong Kong, particularly in the area of electrical, air-conditioning and fire services installation works.

ii. Intention of the Offeror regarding the Group

(a) Business

As set out in the "Letter from Joint Financial Advisers" in the Composite Document, following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group. The Offeror has indicated that it will conduct a more detailed review on the financial position and the operations of the Group with a view to formulate a comprehensive business strategy of the Group and subject to the result of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification would be appropriate. As at the Latest Practicable Date, the Offeror stated that it had no plan to inject any of its assets into the Group and had no intention to (i) discontinue the employment of any employees of the Group (save for a change in the composition of the Board); or (ii) redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

(b) Change of Board composition

As at the Latest Practicable Date, the Board is made up of six Directors, comprising (i) Mr. Fung Chi Wing, Ms. Fung Mei Lan and Ir Wong Chi Wai as executive Directors; and (ii) Ir Ho Pun Hing, Ir Szeto Ka Sing and Dr. Leung Shiu Ki Albert as independent non-executive Directors.

Pursuant to the terms of the Sale and Purchase Agreement, the Vendor shall cause such Directors as may be notified by the Offeror to the Vendor to give notice to resign as Directors with effect from the earliest time permitted under the Takeovers Code. Such resignation will not take effect earlier than the date of the close of the Offer. In addition, the Offeror may nominate persons to be appointed as Directors following the dispatch of the Composite Document.

(c) Maintenance of the Company's listing status

As set out in the "Letter from Joint Financial Advisers" in the Composite Document, following the close of the Offer, if less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange will consider exercising its discretion to suspend dealings in

the Shares under the Listing Rules. In this connection, it should be noted there is a risk that should there be insufficient public float following the Offer, there is a possibility that trading in the shares might be suspended until sufficient public float is attained.

3. Business prospect of the Group

As disclosed in the “Letter from Joint Financial Advisers” in the Composite Document, the Offeror intends to continue the existing principal businesses of the Group following the close of the Offer.

The Group operates in building services sector in Hong Kong. As disclosed in industry review section of the prospectus of the Company dated 30 September 2014, gross output value of the building services industry increased from an estimated HK\$19.5 billion to HK\$26.6 billion from 2009 to 2013, at a compound average growth rate (“CAGR”) of about 8.1% per annum. Such significant growth in gross output value of the building services industry was fueled by Hong Kong infrastructure projects, development of more efficient building systems and maintenance works for older buildings in Hong Kong. Based on information from Hong Kong’s Construction Industry Council, gross output value of Hong Kong’s overall building services industry is expected to increase further at a CAGR of about 5.4% per annum from 2014 to 2018. Overall, from 2009 to 2018, Hong Kong’s building services industry is expected to grow at a CAGR of 6.3% per annum and is mainly driven by public sector projects. Based on the forecast from Hong Kong’s Construction Industry Council, Hong Kong’s gross output value of the building services industry will reach its peak in 2014, 2015 and 2016 as infrastructure projects near their peak stages and is expected to stabilise from thereon, supported by the Hong Kong Government’s commitment to providing a regular supply of public housing on a yearly basis until 2024.

Subcontracting costs, which are primarily labour wages paid by the Group to its subcontractors, are the major cost of the Group for its operation. According to Hong Kong’s Census and Statistics Department, the average wage of a worker per day in the building services industry grew from approximately HK\$683.1 in 2009 to approximately HK\$854.4 in 2013, at a CAGR of about 5.8% per annum. Such an increase was in part attributable to the enforcement of the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) which set the prescribed minimum hourly wage rate at HK\$28 in 2011, which was revised upward to HK\$30 in 2013 and to HK\$32.5 in May 2015. With the shortage of labour supply in the overall construction industry during the time when there are multiple construction projects undergoing, employers have shown willingness to increase wages in order to attract younger talents to join the industry and lure experienced individuals to return to the industry.

Despite expected increasing wage costs in Hong Kong’s building services sector, we are of the view that Hong Kong’s building services sector will continue to be buoyant given Hong Kong’s ongoing infrastructural projects as well as the Government’s commitment to providing more public housing in the future.

4. Offer Price comparison

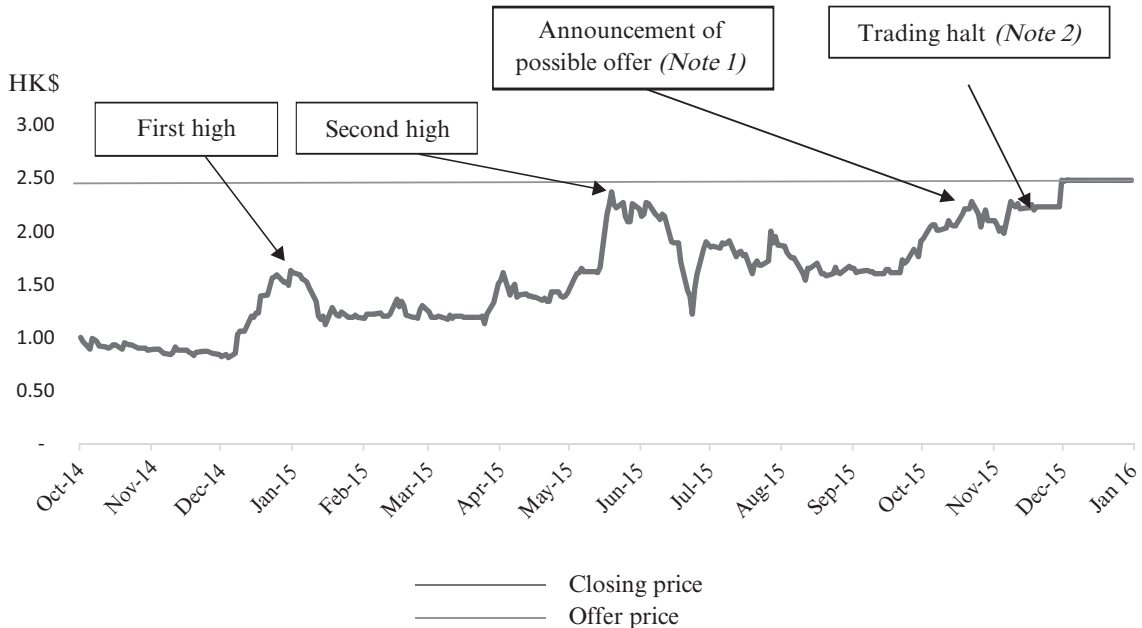
The Offer Price of HK\$2.45 per Offer Share is the same as the purchase price of HK\$2.45 per Sale Share paid by the Offeror under the Sale and Purchase Agreement and represents:

- (i) a premium of approximately 9.87% to the closing price of HK\$2.23 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 10.16% to the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day of HK\$2.22 per Share;
- (iii) a premium of approximately 9.62% to the average closing price of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day of HK\$2.24 per Share;
- (iv) a premium of approximately 14.29% to the average closing price of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day of HK\$2.14 per Share;
- (v) a premium of approximately 31.63% to the average closing price of the Shares as quoted on the Stock Exchange for the 90 consecutive trading days immediately prior to and including the Last Trading Day of HK\$1.86 per Share;
- (vi) a discount of approximately 1.21% to the closing price of HK\$2.48 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vii) a premium of approximately 295.71% over the Group's unaudited consolidated net assets of approximately HK\$247.65 million, or HK\$0.62 per Share (calculated based on 400 million Shares in issue as at the date of the Sale and Purchase Agreement and as at the Latest Practicable Date).

5. Trading performance of the Shares

i. Historical price performance and liquidity of the Shares

The chart below illustrates the closing price of the Shares since the listing of the Company on the Stock Exchange on 16 October 2014 until the Latest Practicable Date (the “**Review Period**”):



Source: Bloomberg and Stock Exchange

Note 1: On 5 November 2015, the Company announced that the Vendor was approached by certain independent third party(ies) as potential purchaser(s) of a possible acquisition of all or part of its shares in the Company.

Note 2: Trading in the Shares on the Stock Exchange was suspended from 7 December 2015 to 14 December 2015 in relation to the issuance of the Joint Announcement.

As shown in the chart above, since the listing of the Share on the Main Board of the Stock Exchange on 16 October 2014 with an initial public offer price of HK\$1.00 per Share, the Share price had remained relatively flat until 19 December 2014. During the Review Period, the highest and lowest closing prices of the Shares were HK\$2.48 per Share on 15 December 2015 and HK\$0.81 per Share on 19 December 2014 respectively. The Offer Price is within the range of the highest and lowest closing prices and represents a discount of approximately 1.2% to the highest closing price and a premium of approximately 202.5% over the lowest closing price of the Shares during the Review Period.

During the Review Period, on 23 December 2014 (per first high in the share price chart above), the Share price reached a new high and closed at HK\$1.03 per Share, representing an increase of approximately 21.18% on the previous trading

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day. On 1 June 2015 (per second high in the share price chart above), the Share price experienced another significant jump of approximately 30.15% and reached HK\$2.16 per Share. On 5 November 2015, an announcement was made by the Company that Team Great had been approached by certain independent third party to acquire its controlling interest in the Company.

On 7 December 2015, trading in the Shares was halted at the request of Company pending the release of the Joint Announcement. Trading resumed on 15 December 2015.

The Offer Price of HK\$2.45 per Offer Share represents an all-time high from the listing of the Shares on the Main Board of the Stock Exchange on 16 October 2014 to 4 December 2015 (being the last trading date prior to the issue of the Joint Announcement about the Offer on 7 December 2015).

ii. Trading liquidity

The following table sets out the monthly total trading volume, the number of trading days in each month, and average daily number of Shares traded in each month and the percentage of average daily trading volume of Shares to the total number of Shares in issue and total number of Shares held by public Shareholders during the Review Period:

Month/period	Number of trading days of the Shares	Total trading volume for the month/period	Average daily trading volume for the month/period	Percentage of average daily trading volume to total number of Shares held by public Shareholders as at the Latest Practicable Date	Percentage of average daily trading volume to total number of Shares in issue as at the Latest Practicable Date <i>(Note 1)</i>
2014					
October 16–					
October 31	12	89,836,000	7,486,333	7.49%	1.87%
November	20	13,152,000	657,600	0.66%	0.16%
December	21	39,688,000	1,889,905	1.89%	0.47%
2015					
January	21	150,164,000	7,150,667	7.15%	1.79%
February	18	32,752,000	1,819,556	1.82%	0.45%
March	22	50,928,000	2,314,909	2.31%	0.58%
April	19	86,000,000	4,526,316	4.53%	1.13%
May	19	56,888,000	2,994,105	2.99%	0.75%
June	22	52,928,000	2,405,818	2.41%	0.60%
July	22	15,212,000	691,455	0.69%	0.17%
August	21	7,888,000	375,619	0.38%	0.09%
September	19	1,044,000	54,947	0.05%	0.01%
October	19	7,096,000	373,474	0.37%	0.09%
November	20	10,035,500	501,775	0.50%	0.13%
December <i>(Note 2)</i>	16	54,004,000	3,375,250	3.38%	0.84%
2016					
January–Latest Practicable Date <i>(Note 3)</i>	15	20,664,000	1,377,600	1.38%	0.34%

Source: Bloomberg

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Notes:

1. Based on issued Shares as disclosed in the monthly return of the Company on movements in securities of the Company.
2. Trading in the Shares on the Stock Exchange was suspended from 7 December 2015 to 14 December 2015.
3. Up to and including the Latest Practicable Date and based on issued Shares as at Latest Practicable Date.

As illustrated in the table above, the average daily trading volume for the respective month/period during the Review Period ranged from approximately 54,947 Shares to approximately 7,486,333 Shares, representing approximately 0.05% to 7.49% of the total number of 100 million Shares as at Latest Practicable Date in public hands and approximately 0.01% to 1.87% of the total number of 400 million Shares currently in issue, respectively.

Save for October 2014, January 2015, and April 2015, the overall liquidity of the Shares was relatively low during the Review Period. Consequently, Offer Shareholders who intend to dispose of a significant shareholding of the Company in the market within a short timeframe may not be able to do so without exerting a downward pressure on the market price of the Shares. In such circumstance, the Offer represents an exit for the Offer Shareholders to realize their investment in the Company at the Offer Price, should they wish to do so.

iii. Comparison with comparable companies

The Group is principally engaged in provision of building services in Hong Kong.

Price-to-earnings (“**P/E**”) ratio is the most commonly used benchmark in valuing an operating company engaged in the construction sector. We are of the view that price-to-book (“**P/B**”) ratio, which is more suited for valuing property and financial companies, is not applicable in the valuation of companies such as the Company that rely primarily on services instead of assets and capital to generate earnings. Based on the price of HK\$2.45 per Offer Share and 400 million issued Shares as at the Latest Practicable Date, the Company is valued at approximately HK\$980.0 million. The P/E ratio of the Company implied by the Offer Price (the “**Implied P/E**”) is approximately 25.44 times, based on the after-tax profit of approximately HK\$38.5 million for the year ended 31 March 2015, as extracted from the latest annual report of the Company.

In assessing the fairness and reasonableness of the Offer Price, we have identified an exhaustive list of companies (the “**Comparable Companies**”) which (i) are principally engaged in and generated a majority (i.e. over 50%) of their revenue from building services and construction business in Hong Kong in their respective latest financial year; (ii) have their shares listed on the Main Board of the Stock Exchange; and (iii) have market capitalisation ranging from HK\$496

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million to HK\$1,488 million, being a range of 50% higher or lower than the market capitalisation of approximately HK\$980.0 million of the Company (calculated by the Offer Price and 400 million Shares in issue as at Latest Practicable Date).

Based on these criteria, we have identified eleven Comparable Companies. We consider this sample fair and representative as the Comparable Companies are engaged in the building services sector as the Company is in and as the Company have a majority (i.e. over 50%) of their revenue derived in Hong Kong. We note currently there are no companies listed on the Stock Exchange engaged in exactly the same business as that of the Group (i.e. in the area of electrical, air-conditioning and fire services installation works). Nevertheless, we are of the opinion the fact that the list of Comparable Companies below, which are all engaged in building services sector in Hong Kong, gives a good indication of current market view of valuation of companies engaged in building services industry in Hong Kong.

Stock code	Company name	Principal activities	P/E ratio (note 1) (times)	Market capitalisation as at the Last Trading Date (HK\$ million)
1499	LEAP Holdings Group Limited	Provision of foundation works, ancillary services and construction wastes handling at the public fill reception facilities managed by the Government in Hong Kong.	30.23	1,258.4
3822	Sam Woo Construction Group Limited	Provision of foundation works and ancillary services.	5.50	1,205.4
2221	New Concepts Holdings Limited	Foundation, civil engineering and general building works in Hong Kong.	20.99	1,120.0
15	Vantage International (Holdings) Limited	Provision of construction, civil engineering, maintenance and other contract works in public and private sectors in Hong Kong, property investment and development.	7.32	1,013.1
896	Hanison Construction Holdings Limited	Building construction, interior and renovation works, supply and installation of building materials, trading of health products, property investments, property development and property agency and management.	1.86	908.1

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Stock code	Company name	Principal activities	P/E ratio <i>(note 1)</i> <i>(times)</i>	Market capitalisation as at the Last Trading Date <i>(HK\$ million)</i>
2277	Chun Sing Engineering Holdings Limited	Foundation and substructure construction business in Hong Kong mainly include excavation and lateral support works, pile caps construction and substructure construction for residential, commercial and infrastructure projects.	13.31	875.5
1372	Excel Development (Holdings) Ltd	Provision of civil engineering works and building construction and maintenance.	54.18	860.0
1240	CNQC International Holdings Limited	Foundation business and machinery rental business in Hong Kong and Macau.	4.74	738.0 <i>(note 2)</i>
385	Chinney Alliance Group Limited	Trade plastic & chemical products, provide building related contracting services, superstructure construction works, foundation piling & sub-structure construction works, distribute aviation system & hi-tech products, investment holding.	4.22	600.8
406	Yau Lee Holdings Ltd	Building construction, plumbing, renovation, maintenance projects, electrical & mechanical installation, building materials trading, property investment & development, hotel operations, computer software development, architectural & engineering services.	7.37	560.7
1500	In Construction Holdings Limited	Demolition works, site formation works, ground investigation field works and general building works.	7.43	539.5
		<i>Overall</i>		
		Maximum	54.18	
		Minimum	1.86	
		Average	14.29	
		Median	7.37	
1462	The Company	Provision of building services in Hong Kong.	25.44 <i>(note 3)</i>	

Source: Bloomberg and the Stock Exchange

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Notes:

1. P/E ratios of the Comparable Companies are calculated based on the market capitalisation of the respective Comparable Companies as at the Last Trading Date (i.e. on 4 December 2015, being the last trading day immediately prior to trading suspension of the Shares pending the release of the Joint Announcement relating to the Offer) divided by the profit attributable to owners of the respective Comparable Companies as extracted from their respective latest published annual results.
2. CNQC International Holdings Limited announced a change to its financial reporting period on 24 November 2014. As a result, the company reported its full year results ended 31 March 2014 in its latest audited financial result. Accordingly, its P/E ratio is calculated based on its financial results ended on 31 March 2014.
3. The P/E ratio of the Company is calculated based on the implied market capitalisation of the Company pursuant to the Offer Price of HK\$2.45 and the Company's after tax profit of approximately HK\$38.5million for the year ended 31 March 2015, as extracted from the latest annual report of the Company.

Based on the table above, we note that the P/E ratios of the Comparable Companies ranged from approximately 1.86 times to 54.18 times, with an average of approximately 14.29 times and a median of approximately 7.37 times. The Implied P/E of approximately 25.44 times in our case is significantly above the average and median, and within the market valuation range of the Comparable Companies, we consider the Offer Price fair and reasonable.

E. RECOMMENDATION

Having considered all of the factors and reasons discussed above, and in particular the following (which should be read in conjunction with this letter):

1. The Offer Price of HK\$2.45 represents a notable premium to the closing price of the Shares from the listing of the Shares on the Stock Exchange on 16 October 2014 to 4 December 2015, and a discount of approximately 1.21% to the closing price of HK\$2.48 per Share as quoted on the Stock Exchange on the Latest Practicable Date.
2. The Offer Price's Implied P/E of 25.44 times is significantly above the average and median market P/Es of 14.29 times and 7.37 times respectively for Comparable Companies.
3. Despite expected increasing wage costs in Hong Kong's building services sector, we believe Hong Kong's building services sector will continue to be buoyant given Hong Kong's ongoing infrastructural projects as well as the Government's commitment to providing more public housing in the future. However, we note neither the Offeror, Mr. Wei nor Ms. Xu appears to have relevant experience in the Group's existing business in the provision of building services in Hong Kong, particularly in the area of electrical, air-conditioning and fire services installation works. Consequently, there is a great uncertainty, in our view, as to the direction and prospects of the Group's existing businesses going forward.

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We consider the terms of the Offer to be fair and reasonable so far as the Offer Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Offer Shareholders to accept the Offer.

The Offer Shareholders, in particular those who intend to accept the Offer, are reminded to note the recent fluctuation in the price of the Shares. There is no guarantee that the current market price of the Offer Shares will or will not sustain and will or will not be higher than the Offer Price during and after the period for the acceptance of the Offer. The Offer Shareholders who intend to accept the Share Offer are reminded to closely monitor the market price and the liquidity of the Shares during the period for the acceptance of the Offer and shall, having regard to their own circumstances and investment objectives, consider selling their Shares in the open market, instead of accepting the Offer, if the net price from the sale of such Shares would be higher than that receivable under the Offer.

Yours faithfully
For and on behalf of
Alliance Capital Partners Limited
David Tsang
Responsible Officer
(SFC No. ACH258)

Mr. David Tsang is a licensed person and responsible officer of Alliance Capital Partners Limited registered with the SFC to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has 30 years of experience in corporate finance industry.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER**A. The Offer**

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by post or by hand, marked "**Nga Chun Holdings Company Limited Offer**" on the envelope in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must either:
- (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver it in an envelope marked "**Nga Chun Holdings Company Limited Offer**" with the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "**Nga Chun Holdings Company Limited Offer**" with the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC

Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominee Limited.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares (whether in full or in part), the Form of Acceptance should nevertheless be completed and delivered in an envelope marked "**Nga Chun Holdings Company Limited Offer**" to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete the signed Form of Acceptance and deliver it in an envelope marked "**Nga Chun Holdings Company Limited Offer**" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to China Everbright Securities and/or LY Capital and/or the Offeror or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it/they were delivered to the Registrar with the relevant Form of Acceptance.
- (e) Acceptance of the Offer will be treated as valid only if the duly completed Form of Acceptance is received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine

and announce in accordance with the Takeovers Code, and the Registrar has recorded that the Form of Acceptance and any relevant documents required have been so received, and is:

- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
- (ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
- (iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

- (f) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Offer Shareholders at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to the relevant Offer Shareholder accepting the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Offer Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Shares.
- (g) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. SETTLEMENT OF THE OFFER

- (a) Provided that the Form(s) of Acceptance and relevant share certificate(s) and/or transfer receipt(s) and/or any document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in complete and good order and have been received by the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque for the amount

representing the cash consideration due to each accepting Offer Shareholder in respect of the Offer Shares tendered by him/her/it under the Offer, less seller's ad valorem stamp duty payable by him/her/it, will be despatched to each accepting Offer Shareholder to the addresses specified on the Form of Acceptance by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days after the date on which all the relevant documents which render such acceptance complete and valid are received by the Registrar.

- (b) Settlement of the consideration to which any Offer Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Offer Shareholder.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended with the consent of the Executive, all acceptances of the Offer must be received by the Registrar by 4:00 p.m. on Tuesday, 16 February 2016, being the Closing Date. The Offer is unconditional.
- (b) If the Offer is extended or revised, the announcement of such extension or revision will state the next closing date and the Offer will remain open for acceptance for a period of not less than 14 days from the posting of the written notification of the extension or revision to the Offer Shareholders and, unless previously extended or revised, shall be closed on the subsequent closing date. If the Offeror revises the terms of the Offer, all Offer Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The benefit of any revision of the Offer will be available to any Offer Shareholder who has/have previously accepted the Offer. The execution by or on behalf of any Offer Shareholder who has previously accepted the Offer shall be deemed to constitute acceptance of the revised Offer unless such holder becomes entitled to withdraw his/her/its acceptance and duly does so.
- (c) The Offeror may introduce new conditions to be attached to any revision to the terms of the Offer, or any subsequent revision thereof, but only to the extent necessary to implement the revised Offer and subject to the consent of the Executive.
- (d) In order to be valid, acceptances must be received by the Registrar in accordance with the instructions printed on the relevant Form of Acceptance by no later than 4:00 p.m. on the Closing Date unless the Offer are extended or revised.
- (e) If the closing date of the Offer are extended, any reference in this Composite Document and in the relevant Form of Acceptance to the closing date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Offer Shareholders, those registered Offer Shareholders who hold the Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

5. ANNOUNCEMENTS

- (a) By 6:00 p.m. on Tuesday, 16 February 2016 (or such later time and/or date as the Executive agrees) which is the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision or extension of the Offer. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised or extended.

The announcement must state the total number of Shares and rights over Shares:

- (i) for which acceptances of the Offer have been received;
- (ii) held, controlled or directed by the Offeror or parties acting in concert with it before the Offer Period; and
- (iii) acquired or agreed to be acquired during the Offer Period by the Offeror or parties acting in concert with it.

The announcement must include details of any Relevant Securities which the Offeror or any person acting in concert with it has borrowed or lent (save for any borrowed shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentage of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Offer Shares represented by acceptances, for announcement purposes, acceptances which are not in all respects in complete and good order or that are subject to verification may only be included where they could be counted towards fulfilling the acceptance condition under paragraph 1(e) of this Appendix according to the requirement under Rule 30.2 and its notes of the Takeovers Code.
- (c) As required under Takeovers Code, all announcements in respect of the listed companies must be made in accordance with the requirements of the Listing Rules.

6. RIGHT OF WITHDRAWAL

Acceptance of the Offer tendered by the Offer Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances below.

Set out in Rule 19.2 of the Takeovers Code, which provides that if the Offeror is unable to comply with any of the requirements of Rule 19 of the Takeovers Code, the Executive may require that the Offer Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, upon the Offer Shareholders withdraw their acceptances, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the relevant Form of Acceptance to the Offer Shareholders.

7. TAXATION

Offer Shareholders are recommended to consult their own professional advisors if they are in any doubt as to the taxation implications of their accepting of the Offer. None of the Company, the Offeror, China Everbright Securities, China Everbright Capital, LY Capital, Alliance Capital, the Registrar, or any of their respective directors, nor any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offer.

The Composite Document does not include any information in respect of overseas taxation. Overseas Shareholders who may be subject to overseas tax are recommended to consult their tax advisers regarding the implications in the relevant jurisdiction of owning and disposing of the Shares.

8. OVERSEAS SHAREHOLDERS

The making of the Offer to persons resident in any jurisdiction outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Shareholders who are so resident should inform themselves about and observe any applicable legal requirements. It is the responsibility of any person who is a citizen, resident or national of a jurisdiction outside Hong Kong and who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consent, exchange control and any registration or filing which may be required in compliance with all necessary formalities, taxation, regulatory and/or legal requirements. Any such persons shall be fully responsible for the payment of any transfer or other taxes and duties imposed by whomsoever payable in respect of that jurisdiction. Acceptance of the Offer by any such person will constitute a warranty by such person that such person is permitted under all applicable laws to accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws.

9. GENERAL

- (a) All communications, notices, Form of Acceptance, certificate(s) of Shares, transfer receipt(s), other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Offer Shareholders will be delivered by or sent to or from them, or their designated agents, at their own risk. None of the Company, the Offeror, China Everbright Securities, China Everbright Capital, LY Capital, Alliance Capital, the Registrar, nor any of their respective directors or other parties involved in the Offer or any of their respective agents accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms of the Offer.
- (c) The accidental omission to despatch the Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer are made will not invalidate the Offer in any way.
- (d) The Offer are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror, China Everbright Securities, LY Capital or such person or persons as the Offeror may direct to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person has accepted the Offer.
- (f) Acceptance of the Offer by any person or persons holding the Shares will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that the Offer Shares acquired under the Offer, as the case may be, are fully paid and are sold by any such person or persons free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, declared, made or paid on or after the date on which the Offer is made, being the date of despatch of the Composite Document. The settlement of the consideration to which any Offer Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Shareholder.

- (g) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who are accepting the Offer.
- (h) References to the Offer in this Composite Document and in the Form of Acceptance shall include any revision and/or extension thereof.
- (i) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese text in case of inconsistency.

1. THREE-YEAR FINANCIAL SUMMARY

Set out below is a summary of the financial results of the Group for each of the years ended 31 March 2013, 2014 and 2015 as extracted from the published annual report of the Company and Appendix I — Accountant’s Report in the prospectus of the Company dated 30 September 2014 (the “**Prospectus**”) and for the six months ended 30 September 2015 as extracted from the published unaudited interim report of the Group. For each of the years ended 31 March 2013, 2014 and 2015 and the six months ended 30 September 2015:

- the Group did not record any non-controlling interests; and
- the Group had no exceptional or extraordinary items because of size, nature or incidence.

No qualified opinion had been given in the auditor’s reports issued by the auditors of the Company in respect of the three years ended 31 March 2015.

	For the six months ended 30 September 2015	For the year ended 31 March		
	<i>HK\$’000</i> (unaudited)	<i>HK\$’000</i> (audited)	<i>HK\$’000</i> (audited)	<i>HK\$’000</i> (audited)
RESULTS				
Revenue	291,476	684,578	581,494	424,411
Profit before taxation	16,103	48,067	55,697	48,782
Taxation	(3,192)	(9,540)	(10,419)	(8,091)
Profit and total comprehensive income for the period/year	12,911	38,527	45,278	40,691
Profit and total comprehensive income attributable to equity holders of the parent (<i>Note 1</i>)	12,911	38,527	45,278	40,691
Dividend attributable to the equity holders of the parent (<i>Note 1</i>)	—	12,000	—	—
Dividend per share (<i>HK cents</i>)	—	3.0	—	—
Earnings per share attributable to the equity holders of the parent				
Basic and diluted (<i>HK cents</i>) (<i>Note 2</i>)	3.2	11.1	15.1	N/A
	As at 30 September 2015	As at 31 March		
	<i>HK\$’000</i> (unaudited)	<i>HK\$’000</i> (audited)	<i>HK\$’000</i> (audited)	<i>HK\$’000</i> (audited)
ASSETS AND LIABILITIES				
Total assets	372,123	373,399	284,046	198,715
Total liabilities	(124,470)	(126,657)	(144,541)	(104,488)
Total equity	247,653	246,742	139,505	94,227

Notes:

1. As disclosed in the Prospectus, during the year ended 31 March 2015, dividend in the amount of approximately HK\$36,000,000 was declared and approved by a subsidiary of the Company, Fungs E&M, to its then shareholder.
2. As disclosed in the Prospectus, earnings per share information for the year ended 31 March 2013 was not presented as its inclusion in the Prospectus was not considered meaningful due to the reorganisation undertaken by the Group in preparation of its listing on the Main Board of the Stock Exchange and the preparation of the Group's results for the three years ended 31 March 2014 on a combined basis.

2. AUDITED FINANCIAL INFORMATION

The followings are the audited financial statements of the Group for the year ended 31 March 2015 as extracted from the annual report of the Company for the year ended 31 March 2015. Capitalised items used in this section shall have the same meaning as those defined in the annual report. Reference to notes numbers therein are to the notes numbers in the annual report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME*Year ended 31 March 2015*

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
REVENUE	5	684,578	581,494
Contract costs		<u>(610,924)</u>	<u>(506,500)</u>
Gross profit		73,654	74,994
Other income and gains	5	1,302	496
Administrative expenses		(29,216)	(13,785)
Finance costs	6	(1,142)	(557)
Other expenses, net		<u>3,469</u>	<u>(5,451)</u>
PROFIT BEFORE TAX	7	48,067	55,697
Income tax expense	10	<u>(9,540)</u>	<u>(10,419)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>38,527</u></u>	<u><u>45,278</u></u>
Profit and total comprehensive income attributable to owners of the parent	11	<u><u>38,527</u></u>	<u><u>45,278</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT			
Basic and diluted	13	<u><u>HK11.14</u></u> <u><u>cents</u></u>	<u><u>HK15.09</u></u> <u><u>cents</u></u>

Details of the dividend for the year are disclosed in note 12 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	14	67,221	65,487
Pledged deposit for a life insurance product	16	<u>6,133</u>	<u>5,963</u>
Total non-current assets		<u>73,354</u>	<u>71,450</u>
CURRENT ASSETS			
Gross amount due from customers for contract works	17	61,703	57,588
Accounts receivable	18	63,633	55,412
Prepayments, deposits and other receivables	19	2,220	3,105
Tax recoverable		789	—
Time deposits with maturity of more than three months		14,945	—
Cash and cash equivalents	20	<u>156,755</u>	<u>96,491</u>
Total current assets		<u>300,045</u>	<u>212,596</u>
CURRENT LIABILITIES			
Accounts payable	21	26,103	26,956
Accruals of costs for contract works		60,187	48,707
Tax payable		—	7,377
Other payables and accruals		4,245	3,492
Interest-bearing bank loans	22	<u>36,066</u>	<u>57,833</u>
Total current liabilities		<u>126,601</u>	<u>144,365</u>
NET CURRENT ASSETS		<u>173,444</u>	<u>68,231</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>246,798</u>	<u>139,681</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities	23	<u>56</u>	<u>176</u>
Net assets		<u>246,742</u>	<u>139,505</u>
EQUITY			
Equity attributable to owners of the parent			
Issued capital	24	4,000	—
Reserves	25	<u>242,742</u>	<u>139,505</u>
Total equity		<u>246,742</u>	<u>139,505</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2015

	Attributable to owners of the parent				Total equity HK\$'000
	Issued capital HK\$'000 (note 24)	Share premium HK\$'000 (note 25(b))	Capital reserve HK\$'000 (note 25(a))	Retained profits HK\$'000	
At 1 April 2013	—	—	4,800*	89,427*	94,227
Profit and total comprehensive income for the year	—	—	—	45,278	45,278
At 31 March 2014 and 1 April 2014	—	—*	4,800*	134,705*	139,505
Profit and total comprehensive income for the year	—	—	—	38,527	38,527
Interim dividend (note 12)	—	—	—	(36,000)	(36,000)
Issue of new shares pursuant to the Reorganisation (note 24(b))	10	114,341	(114,351)	—	—
Capitalisation Issue (note 24(c))	2,990	(2,990)	—	—	—
Issue of new shares pursuant to the Share Offer (note 24(d))	1,000	109,000	—	—	110,000
Share issue expenses	—	(5,290)	—	—	(5,290)
At 31 March 2015	<u>4,000</u>	<u>215,061*</u>	<u>(109,551)*</u>	<u>137,232*</u>	<u>246,742</u>

* These reserve accounts comprise the consolidated reserves of HK\$242,742,000 (2014: HK\$139,505,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS*Year ended 31 March 2015*

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		48,067	55,697
Adjustments for:			
Finance costs	6	1,142	557
Interest income	5	(569)	(1)
Depreciation	7	3,133	3,447
Charges of a life insurance product		63	—
Impairment of other receivables	7	105	—
Impairment/(reversal of impairment) of an amount due from a related party	7	<u>(5,451)</u>	<u>5,451</u>
		46,490	65,151
Increase in the gross amount due from customers for contract works		(4,115)	(2,007)
Increase in accounts receivable		(8,221)	(11,030)
Decrease in prepayments, deposits and other receivables		923	4,231
Decrease in accounts payable		(853)	(4,208)
Increase in accruals of costs for contract works		11,480	34,252
Increase in other payables and accruals		<u>753</u>	<u>598</u>
Cash generated from operations		46,457	86,987
Interest received		193	1
Interest paid		(1,142)	(557)
Hong Kong profits tax paid		<u>(17,826)</u>	<u>(12,058)</u>
Net cash flows from operating activities		<u>27,682</u>	<u>74,373</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(4,867)	(31,055)
Repayments from a related party		5,451	3,003
Increase in time deposits with original maturity of more than three months		(14,945)	—
Payment for a life insurance product		<u>—</u>	<u>(5,983)</u>
Net cash flows used in investing activities		<u>(14,361)</u>	<u>(34,035)</u>

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Net cash flows used in investing activities		<u>(14,361)</u>	<u>(34,035)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
New interest-bearing bank loans		—	38,000
Repayment of interest-bearing bank loans		(21,767)	(4,767)
Interim dividend paid	<i>12</i>	(36,000)	—
Gross proceeds from issue of shares	<i>24(d)</i>	110,000	—
Share issue expenses	<i>25(b)</i>	<u>(5,290)</u>	<u>—</u>
Net cash flows from financing activities		<u>46,943</u>	<u>33,233</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		60,264	73,571
		<u>96,491</u>	<u>22,920</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR			
		<u>156,755</u>	<u>96,491</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	<i>20</i>	131,994	96,491
Non-pledged time deposits with original maturity of less than three months when acquired	<i>20</i>	<u>24,761</u>	<u>—</u>
		<u>156,755</u>	<u>96,491</u>

STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>
NON-CURRENT ASSETS		
Investments in a subsidiary	<i>15</i>	<u>114,352</u>
CURRENT ASSETS		
Due from a subsidiary	<i>15</i>	63,248
Cash and cash equivalents	<i>20</i>	29,016
Prepayments, deposits and other receivables	<i>19</i>	<u>35</u>
Total current assets		<u>92,299</u>
CURRENT LIABILITIES		
Other payables and accruals		64
Due to a subsidiary	<i>15</i>	<u>1</u>
Total current liabilities		<u>65</u>
NET CURRENT ASSETS		<u>92,234</u>
Net assets		<u><u>206,586</u></u>
EQUITY		
Issued capital	<i>24</i>	4,000
Reserves	<i>25(b)</i>	<u>202,586</u>
Total equity		<u><u>206,586</u></u>

NOTES TO FINANCIAL STATEMENTS*31 March 2015***1. CORPORATE INFORMATION**

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 (the “Listing Date”).

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

Pursuant to the reorganisation of the Company in connection with the listing of the shares (“the Listing”) of the Company on the Stock Exchange (the “Reorganisation”), the Company became the holding company of the companies now comprising the Group on 22 September 2014. Details of the Reorganisation are set out in the paragraph headed “Corporate Reorganisation” in the section headed “History and Reorganisation” to the prospectus of the Company dated 30 September 2014 (the “Prospectus”).

In the opinion of the directors, the immediate and ultimate holding company of the Company is Team Great Limited (“Team Great”), which is incorporated in the British Virgin Islands (“BVI”).

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 22 September 2014. As the Reorganisation only involved inserting new holding entities at the top of an existing group and has not resulted in any change of economic substances, the consolidated financial statements of the Group for the years ended 31 March 2014 and 2015 have been presented as a continuation of the existing group using the pooling of interest method. Accordingly, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows are prepared as if the current group structure immediately after the Reorganisation had been in existence throughout the years ended 31 March 2014 and 2015 rather than from the date of incorporation of the Company. The comparative consolidated statement of financial position as at 31 March 2014 presented the assets and liabilities of the companies comprising the Group, as if the group structure immediately after the Reorganisation had been in existence at 31 March 2014.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with 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, which because the Company has not early adopted the revised disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) of The Stock Exchange, are those of the predecessor Hong Kong Companies Ordinance (Cap. 32). They have been prepared under the historical cost convention. These financial statements are 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 statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2015. 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 statements of the subsidiaries are 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 owners 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.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC) — Int 21	<i>Levies</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Definition of Vesting Condition¹</i>
Amendment to HKFRS 3 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination¹</i>
Amendment to HKFRS 13 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to HKFRS 1 included in <i>Annual Improvements 2011–2013 Cycle</i>	<i>Meaning of Effective HKFRSs</i>

¹ Effective from 1 July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

- (a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.
- (b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.
- (c) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments have had no impact on the financial position or performance of the Group.
- (d) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new

counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

- (e) HK(IFRIC) — Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC) — Int 21.
- (f) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.
- (g) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.
- (h) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

2.4 NEW AND REVISED HKFRSS AND REVISED DISCLOSURE REQUIREMENTS UNDER THE REVISED LISTING RULES NOT YET ADOPTED

The Group has not applied the following new and revised HKFRSSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	<i>Financial Instruments</i> ⁴
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> ²
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ²
HKFRS 14	<i>Regulatory Deferral Accounts</i> ⁵
HKFRS 15	<i>Revenue from Contracts with Customers</i> ³
Amendments to HKAS 1	<i>Disclosure Initiative</i> ²
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ²
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ²
Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ²
<i>Annual Improvements 2010–2012 Cycle</i>	Amendments to a number of HKFRSS ¹
<i>Annual Improvements 2011–2013 Cycle</i>	Amendments to a number of HKFRSS ¹
<i>Annual Improvements 2012–2014 Cycle</i>	Amendments to a number of HKFRSS ²

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2017

⁴ Effective for annual periods beginning on or after 1 January 2018

⁵ Effective for an entity that first adopts HKFRSSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

Further information about those HKFRSSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 April 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

Amendments to HKFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments to HKFRS 10 also clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Consequential amendments were made to HKFRS 12 to require an investment entity that prepares financial statements in which all of its subsidiaries are measured at fair value through profit or loss in accordance with HKFRS 9 to present the disclosures in respect of investment entities in accordance with HKFRS 12. HKAS 28 (2011) was also amended to allow an investor that is not itself an investment entity, and has an interest in an investment entity associate or joint venture, to retain the fair value measurement applied by the investment entity associate or joint venture to the interest in its subsidiaries. The amendments are not expected to have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expected to adopt HKFRS 15 on 1 April 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements in five areas, including materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments. The amendments further encourage entities to apply professional judgement in determining what information to disclose and how to structure the disclosure in the financial statements. The Group expects to adopt the amendments from 1 April 2016.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The HKAS 16 and HKAS 41 Amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will be within the scope of HKAS 16 instead of HKAS 41. After initial recognition, bearer plants will be measured under HKAS 16 at accumulated cost before maturity. After the bearer plants mature, they will be measured either using the cost model or revaluation model in accordance with HKAS 16. The amendments also require that produce growing on the bearer plants will remain in the scope of HKAS 41 and is measured at fair value less costs to sell. Government grants relating to bearer plants will now be accounted for in accordance with HKAS 20 Accounting for Government Grants and Disclosure of Government Assistance. The Group expects to adopt the amendments from 1 April 2016. The amendments are not expected to have any impact on the Group as the Group does not have any bearer plants.

The HKAS 19 Amendments 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 Group expects to adopt the amendments from 1 April 2015.

The *Annual Improvements to HKFRSs 2010–2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.3, the Group expects to adopt the amendments from 1 April 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group 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.

In addition, the amendments to the Listing Rules announced by the Stock Exchange in February 2015 relating to the disclosure of financial information with reference to the Companies Ordinance (Cap. 622) and HKFRs will be applied for the year ending March 31, 2016. They will affect the presentation and disclosure of certain information in the consolidated financial statements for the next financial year.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	—	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than construction contract assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at the end of the reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and

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

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Land and buildings	Over the shorter of the remaining lease terms and 40 years
Furniture, fixtures and office equipment	20%
Motor vehicles	25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Investments and other financial assets*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as loans and receivables. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include accounts and other receivables, deposits, and cash and cash equivalents.

Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of the reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

Financial liabilities*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as loans and borrowings. All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include accounts and other payables, accruals of costs for contract works and interest-bearing bank loans.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in "Finance costs" in the consolidated statement of profit or loss and other comprehensive income.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits and assets similar in nature to cash, which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from construction, renovation and other contracts, based on the percentage of completion basis, as further explained in the accounting policy for “Construction, renovation and other contracts” below;
- (b) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (c) rental income, on a time proportion basis over the lease terms.

Construction, renovation and other contracts

Contract revenue comprises the agreed contract amount or fixed rate per unit of output and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from contracts is recognised on the percentage of completion method, measured by reference to the percentage of certified value of work performed to date to the total contract sum of the relevant contracts.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from customers for contract works. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to customers for contract works.

Employee benefits*Pension scheme*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance in Hong Kong for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Final dividends are recognised as a liability when they have been approved by the shareholders in a general meeting.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Group using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the retranslation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Construction, renovation and other contracts

As further explained in note 2.5 to the financial statements, revenue and profit recognition on contract works is dependent on the estimation of the total outcome of the construction contract, as well as the work performed to date. Based on the Group's past experience and the nature of the contract activities undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and the revenue can be reliably estimated. As a result, until this point is reached, the amount due from customers for contract works as disclosed in note 17 to the financial statements will not include profit which the Group may eventually realise from the work performed to date. In addition, actual outcomes in terms of total contract costs and/or revenue may be higher or lower than those estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect whether any provision is required for foreseeable losses. The estimates are made based on past experience and knowledge of the project management.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of the reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market

prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimated recoverability of receivables

The Group's management determines the provision of receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors as well as the current market condition, and requires the use of judgements and estimates. Management reassesses the provision at the end of the reporting period.

4. 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 2015 and 2014.

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:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	308,315	277,355
Customer B [#]	121,742	69,694
Customer C	N/A*	92,050
Customer D	<u>87,393</u>	<u>—</u>

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

[#] *Included sales to a group of entities which are known to be under common control of a related party.*

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

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the appropriate proportion of contract revenue from construction, renovation and other contracts.

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue		
Contract revenue	<u>684,578</u>	<u>581,494</u>
Other income and gains		
Interest income	569	1
Management fee income	613	—
Gross rental income	120	480
Sundry income	<u>—</u>	<u>15</u>
	<u>1,302</u>	<u>496</u>

6. FINANCE COSTS

	Group	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on bank loans and overdrafts wholly repayable within five years	<u>1,142</u>	<u>557</u>

7. PROFIT BEFORE TAX

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

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Depreciation	14	3,133	3,447
Auditors' remuneration		1,280	220
Impairment/(reversal of impairment) of an amount due from a related party*	19	(5,451)	5,451
Impairment of other receivables*	19	105	—
Net rental income		(102)	(413)
Exchange loss*		1,877	—
Employee benefit expense:			
Wages and salaries		38,144	32,519
Pension scheme contributions (defined contribution scheme)		<u>1,011</u>	<u>799</u>
		<u>39,155</u>	<u>33,318</u>
Minimum lease payments under operating leases in respect of office equipment		<u>154</u>	<u>138</u>

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

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules and section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fees	<u>180</u>	<u>—</u>
Other emoluments:		
Salaries, allowances and benefits in kind	4,348	4,137
Discretionary performance-related bonuses	3,673	3,264
Pension scheme contributions (defined contribution schemes)	<u>54</u>	<u>45</u>
	<u>8,075</u>	<u>7,446</u>
	<u>8,255</u>	<u>7,446</u>

The Company was incorporated on 21 May 2014, hence, directors' remuneration for the year ended 31 March 2014 was the remuneration received by certain directors of the Company from a subsidiary now comprising the Group for their appointments as directors of this subsidiary or in a capacity as an employee.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Ir Ho Pun Hing	60	—
Ir Szeto Ka Sing	60	—
Dr. Leung Shiu Ki Albert	<u>60</u>	<u>—</u>
	<u>180</u>	<u>—</u>

Ir Ho Pun Hing, Ir Szeto Ka Sing and Dr. Leung Shiu Ki Albert were appointed as independent non-executive directors of the Company on 22 September 2014.

There were no other emoluments payable to the independent non-executive directors during the year.

(b) Executive directors

	Fees <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Discretionary performance- related bonuses <i>HK\$'000</i>	Pension scheme contributions <i>HK\$'000</i>	Total remuneration <i>HK\$'000</i>
Year ended 31 March 2015					
Mr. Fung Chi Wing ("Mr. Fung")	—	3,103	1,560	18	4,681
Ir Wong Chi Wai ("Mr. Wong")	—	727	1,903	18	2,648
Ms. Fung Mei Lan ("Ms. Fung")	—	518	210	18	746
	<u>—</u>	<u>4,348</u>	<u>3,673</u>	<u>54</u>	<u>8,075</u>
Year ended 31 March 2014					
Mr. Fung	—	2,985	1,500	15	4,500
Mr. Wong	—	705	1,524	15	2,244
Ms. Fung	—	447	240	15	702
	<u>—</u>	<u>4,137</u>	<u>3,264</u>	<u>45</u>	<u>7,446</u>

Mr. Fung, Ms. Fung and Mr. Wong were appointed as executive directors of the Company on 26 June 2014. Mr. Fung was appointed as the chairman of the Company and Mr. Wong was appointed as the chief executive officer of the Company on 26 June 2014.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2014: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2014: three) non-director, highest paid employees are as follows:

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, allowances and benefits in kind	1,707	1,648
Discretionary performance-related bonuses	1,280	1,283
Pension scheme contributions	<u>53</u>	<u>45</u>
	<u>3,040</u>	<u>2,976</u>

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

	Number of employees	
	2015	2014
Nil to HK\$1,000,000	2	2
HK\$1,000,001 to HK\$1,500,000	<u>1</u>	<u>1</u>
	<u><u>3</u></u>	<u><u>3</u></u>

10. 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% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	Group	
	2015 HK\$'000	2014 HK\$'000
Current — Hong Kong		
Charge for the year	9,668	10,564
Over-provision in prior years	(8)	—
Deferred (<i>note 23</i>)	<u>(120)</u>	<u>(145)</u>
Total tax charge for the year	<u><u>9,540</u></u>	<u><u>10,419</u></u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Group	
	2015 HK\$'000	2014 HK\$'000
Profit before tax	<u>48,067</u>	<u>55,697</u>
Tax at the Hong Kong statutory tax rate of 16.5%	7,931	9,190
Adjustments in respect of current tax of previous periods	(78)	—
Income not subject to tax	(955)	—
Expenses not deductible for tax	2,580	1,239
Tax losses not recognised	62	—
Others	<u>—</u>	<u>(10)</u>
Tax charge at the Group's effective tax rate	<u><u>9,540</u></u>	<u><u>10,419</u></u>

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The profit attributable to owners of the parent for the year ended 31 March 2015 includes a loss of HK\$12,945,000 (2014: Nil), which has been dealt with in the financial statements of the Company (note 25(b)).

12. DIVIDEND

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Proposed final — HK3 cents (2014: Nil) per ordinary share	<u>12,000</u>	<u>—</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

On 8 September 2014, Fungs E & M Engineering Company Limited ("Fungs E & M"), a subsidiary of the Company, declared an interim dividend of HK\$36,000,000 to the then shareholder. Such interim dividend was paid in October 2014.

13. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of basic earnings per share for the year ended 31 March 2015 is based on the profit for the year attributable to owners of the parent of HK\$38,527,000 (2014: HK\$45,278,000) and the weighted average number of ordinary shares of 345,723,425 (2014: 300,000,000) in issue during the year, as if the Reorganisation and Capitalisation Issue as defined in notes 24(b) and 24(c) had been effective since 1 April 2013.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 March 2015 includes an ordinary share of the Company issued upon incorporation, the 999,999 new ordinary shares issued pursuant to the Reorganisation (note 24(b)) and the 299,000,000 new ordinary shares issued pursuant to the Capitalisation Issue (note 24(c)), 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 24(d)).

The number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 March 2014 was based on 300,000,000 ordinary shares, representing the number of ordinary shares of the Company immediately after the Capitalisation Issue, as if all these shares had been in issue throughout the year ended 31 March 2014.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2014 and 2015 as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2014 and 2015.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
31 March 2015				
At 31 March 2014 and 1 April 2014:				
Cost	65,047	3,755	6,536	75,338
Accumulated depreciation	<u>(1,938)</u>	<u>(2,376)</u>	<u>(5,537)</u>	<u>(9,851)</u>
Net carrying amount	<u>63,109</u>	<u>1,379</u>	<u>999</u>	<u>65,487</u>
At 1 April 2014, net of accumulated depreciation				
	63,109	1,379	999	65,487
Additions	4,362	505	—	4,867
Depreciation provided during the year	<u>(1,952)</u>	<u>(717)</u>	<u>(464)</u>	<u>(3,133)</u>
At 31 March 2015, net of accumulated depreciation				
	<u>65,519</u>	<u>1,167</u>	<u>535</u>	<u>67,221</u>
At 31 March 2015:				
Cost	69,409	4,260	6,536	80,205
Accumulated depreciation	<u>(3,890)</u>	<u>(3,093)</u>	<u>(6,001)</u>	<u>(12,984)</u>
Net carrying amount	<u>65,519</u>	<u>1,167</u>	<u>535</u>	<u>67,221</u>
31 March 2014				
At 1 April 2013:				
Cost	54,193	3,763	6,471	64,427
Accumulated depreciation	<u>(261)</u>	<u>(1,843)</u>	<u>(4,444)</u>	<u>(6,548)</u>
Net carrying amount	<u>53,932</u>	<u>1,920</u>	<u>2,027</u>	<u>57,879</u>
At 1 April 2013, net of accumulated depreciation				
	53,932	1,920	2,027	57,879
Additions	10,854	136	65	11,055
Depreciation provided during the year	<u>(1,677)</u>	<u>(677)</u>	<u>(1,093)</u>	<u>(3,447)</u>
At 31 March 2014, net of accumulated depreciation				
	<u>63,109</u>	<u>1,379</u>	<u>999</u>	<u>65,487</u>
At 31 March 2014:				
Cost	65,047	3,755	6,536	75,338
Accumulated depreciation	<u>(1,938)</u>	<u>(2,376)</u>	<u>(5,537)</u>	<u>(9,851)</u>
Net carrying amount	<u>63,109</u>	<u>1,379</u>	<u>999</u>	<u>65,487</u>

At 31 March 2015, one of the Group's land and buildings with a net carrying amount of approximately HK\$48,916,000 (2014: HK\$50,421,000) was pledged to secure general banking facility granted to the Group (note 22).

The Group's land included in land and buildings is situated in Hong Kong and is held under a medium lease term.

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted shares, at cost	<u>114,352</u>	<u>—</u>

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities are unsecured, interest-free and repayable on demand.

Particulars of the subsidiaries of the Group as at 31 March 2015 are set out below:

Company name	Place and date 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")	BVI 19 May 2014	US\$100	100	—	Investment holding
Fungs E & M	Hong Kong 28 July 1994	HK\$4,800,000	—	100	Building Services

16. PLEDGED DEPOSIT FOR A LIFE INSURANCE PRODUCT

During the year ended 31 March 2014, the Group entered into a life insurance policy with an insurance company to insure an executive director. Under this policy, the Group is the beneficiary and the policy holder. The Group is required to pay an upfront payment for the policy. The Group may request a partial surrender or full surrender of the policy at any time and receive cash based on the value of the policy at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated interest earned and minus insurance premium and policy expenses charged (the "Cash Value"). If such withdrawal is made at any time during the first to the eighteenth policy year, as appropriate, a pre-determined specified surrender charge would be imposed.

The insurance company pays interest at a rate of 4.2% per annum on the Cash Value of the policy for the first policy year. Commencing on the second policy year, the interest rate is 2% plus a premium determined by the insurance company on an annual basis.

At the inception date, the upfront payment is separated into a prepayment of life insurance premium and a deposit. The prepayment of life insurance premium is amortised to profit or loss over the insured period and the deposit is carried at amortised cost using the effective interest method. The effective interest rate on initial recognition was determined by discounting the estimated future cash receipts through the expected life of the insurance policy, excluding the financial effect of surrender charge.

The carrying amount of the life insurance product as at 31 March 2015 approximated to the Cash Value of the insurance policy, which is considered a close estimate to the fair value. The expected life of the policy remained unchanged from the initial recognition.

The fair value of the non-current portion of the pledged deposit is categorised within Level 3 of the fair value hierarchy and has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar credit terms, credit risk and remaining maturities.

The prepayment of life insurance premium of HK\$20,000 is included in the current portion of prepayments, deposits and other receivables and an aggregate carrying amount of HK\$6,153,000 (2014: HK\$5,983,000) was pledged as security for the Group's general banking facility (note 22).

17. CONSTRUCTION, RENOVATION AND OTHER CONTRACTS

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross amount due from customers for contract works	<u>61,703</u>	<u>57,588</u>
Contract costs incurred plus recognised profits less recognised losses to date	994,040	705,883
Less: Progress billings	<u>(932,337)</u>	<u>(648,295)</u>
	<u>61,703</u>	<u>57,588</u>

18. ACCOUNTS RECEIVABLE

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Due from third parties	39,693	33,617
Due from related parties	<u>23,940</u>	<u>21,795</u>
	<u>63,633</u>	<u>55,412</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 2015, retentions receivable (including those classified under amounts due from related parties) included in accounts receivable amounted to HK\$15,932,000 (2014: HK\$16,111,000), 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:

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Past due but not impaired:		
One to three months past due	1,038	158
Four to six months past due	—	155
Over six months past due	<u>2,187</u>	<u>2,380</u>
	3,225	2,693
Neither past due nor impaired	<u>60,408</u>	<u>52,719</u>
	<u><u>63,633</u></u>	<u><u>55,412</u></u>

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.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company
	2015	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Prepayments	1,793	246	35
Deposits and other receivables	532	159	—
Due from a related party	<u>—</u>	<u>8,151</u>	<u>—</u>
	2,325	8,556	35
Impairment	<u>(105)</u>	<u>(5,451)</u>	<u>—</u>
	<u><u>2,220</u></u>	<u><u>3,105</u></u>	<u><u>35</u></u>

The movements in provision for impairment are as follows:

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of year	5,451	—
Impairment losses recognised (<i>note 7</i>)	105	5,451
Impairment losses reversed (<i>note 7</i>)	<u>(5,451)</u>	<u>—</u>
At end of year	<u><u>105</u></u>	<u><u>5,451</u></u>

The impairment in the prior year related to an amount due from Able E & M Engineering Company (“Able E & M”), which is jointly controlled by a director of the Company and a substantial shareholder. Such impairment was reversed during the year upon settlement received from Able E & M.

The individually impaired other receivables related to individuals that were in financial difficulties or were in default in payments and only a portion of the receivables is expected to be recovered.

20. CASH AND CASH EQUIVALENTS

	Group		Company
	2015	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash and bank balances	131,994	96,491	29,016
Time deposits	<u>24,761</u>	<u>—</u>	<u>—</u>
	<u>156,755</u>	<u>96,491</u>	<u>29,016</u>
Cash and cash equivalents denominated in:			
Renminbi (“RMB”)	24,761	—	—
HK\$	123,386	96,491	29,016
Euro	<u>8,608</u>	<u>—</u>	<u>—</u>
	<u>156,755</u>	<u>96,491</u>	<u>29,016</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

21. ACCOUNTS PAYABLE

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Due to third parties	26,103	23,930
Due to related parties (<i>note</i>)	<u>—</u>	<u>3,026</u>
	<u>26,103</u>	<u>26,956</u>

Note: The amounts are unsecured, interest-free and are normally settled on 60-day terms. The credit terms offered by the related parties are similar to those offered by other major independent suppliers of the Group.

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

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 3 months	26,103	26,892
Over 6 months	<u>—</u>	<u>64</u>
	<u>26,103</u>	<u>26,956</u>

At 31 March 2015, retentions payable included in accounts payable amounted to HK\$9,374,000 (2014: HK\$6,261,000), 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.

22. INTEREST-BEARING BANK LOANS

Interest-bearing bank loans of the Group are repayable on demand and are analysed as follows:

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest-bearing bank loans — repayable on demand, secured and at a floating interest rate	36,066	57,833

Notes:

- (a) The Group's secured bank loans are secured by:
- (i) an unlimited guarantee provided by a director as at 31 March 2014, and which was released upon the Listing;
 - (ii) a legal charge over a land and building of the Group with a carrying amount of HK\$48,916,000 (2014: HK\$50,421,000) as at 31 March 2015; and
 - (iii) a pledged deposit of a life insurance product with a carrying amount of HK\$6,153,000 (2014: HK\$5,983,000) as at 31 March 2015.
- (b) The interest-bearing bank loans are denominated in Hong Kong dollars.
- (c) The interest rates of the Group's interest-bearing bank loans are primarily repriced every month based on the changes of HIBOR.
- (d) As further explained in note 33 to the financial statements, the interest-bearing bank loans of the Group containing an on-demand clause have been classified as current liabilities. For the purpose of the above analysis, the loans are included within current interest-bearing bank loans and analysed into bank loans repayable on demand. Based on the maturity terms of the loans, the amounts repayable in respect of the loans are as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Analysed into:		
Within one year	11,033	21,767
In the second year	10,933	11,033
In the third to fifth years, inclusive	7,800	16,133
After five years	6,300	8,900
	36,066	57,833

23. DEFERRED TAX LIABILITIES

The movements of deferred tax liabilities during the year are as follows:

Group

	Depreciation allowance in excess of related depreciation <i>HK\$'000</i>
At 1 April 2013	321
Deferred tax credited to profit or loss during the year (note 10)	<u>(145)</u>
At 31 March 2014 and 1 April 2014	176
Deferred tax credited to profit or loss during the year (note 10)	<u>(120)</u>
At 31 March 2015	<u><u>56</u></u>

At 31 March 2015, there was no significant unrecognised deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

24. ISSUED CAPITAL**Shares**

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

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

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

25. RESERVES

(a) Group

The amounts of the Group’s reserves and the movements therein for the current and prior years are presented in the consolidated statements of changes in equity.

Capital reserve

The amount represented the difference between the share capital and share premium issued by the Company for the acquisition of a subsidiary pursuant to the Reorganisation and the share capital of the subsidiary being acquired at the time of the Reorganisation.

(b) Company

	Share premium	Accumulated losses	Total
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
At 21 May 2014 (date of incorporation)	—	—	—
Loss and total comprehensive income for the period	—	(12,475)	(12,475)
Issue of new shares pursuant to the Reorganisation (note 24(b))	114,341	—	114,341
Capitalisation Issue (note 24(c))	(2,990)	—	(2,990)
Issue of shares pursuant to the Share Offer (note 24(d))	109,000	—	109,000
Share issue expenses	<u>(5,290)</u>	<u>—</u>	<u>(5,290)</u>
At 31 March 2015	<u>215,061</u>	<u>(12,475)</u>	<u>202,586</u>

26. SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company on 22 September 2014 (the “Scheme”), the Company may grant options to directors (including executive directors, non-executive directors and independent non-executive directors) and full-time employees of any member of the Group and any advisers, consultants, contractors, sub-contractors, suppliers, agents, customers, business partners, joint venture business partners, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to subscribe for shares in the Company with the payment of HK\$1.00 upon each option granted and the options granted must be accepted within 14 days from the date of offer.

The subscription price of a share shall be at least the higher of (i) the closing price of the Company’s shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange’s daily quotations sheet for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value

of the shares of the Company on the date of grant of the option. The share options granted are exercisable at any time during a period of not more than 10 years from the date of grant, subject to the provisions of early termination contained in the Scheme. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company shall not exceed 30% of the number of shares of the Company in issue from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes must not, in aggregate, exceed 10% of the number of shares of the Company in issue on the date the shares of the Company commence trading on the Stock Exchange. The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12 months period up to the date of grant shall not exceed 1% of the shares of the Company then in issue.

No share option was granted, exercised, cancelled or lapsed since the adoption date of the Scheme on 22 September 2014 and there was no outstanding share option under the Scheme as at 31 March 2015.

27. CONTINGENT LIABILITIES

- (a) As at 31 March 2015, the Company had given a guarantee to a bank in connection with a facility granted to a subsidiary, of which HK\$36,066,000 (2014: Nil) was utilised.
- (b) 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.

28. OPERATING LEASE ARRANGEMENT

(a) As lessor

The Group leases certain of its property (note 14) under an operating lease arrangement, with a lease negotiated for a term of five years. The term of the lease generally also requires the tenant to pay security deposits and provides for periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had total future minimum lease receivables under a non-cancellable operating lease with its tenant falling due as follows:

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	—	480
In the second to fifth years, inclusive	—	1,440
	<u>—</u>	<u>1,920</u>

(b) As lessee

The Group leases an office property under an operating lease arrangement. The lease for the property is negotiated for a term of two years.

At the end of the reporting period, the Group had total future minimum lease payments under a non-cancellable operating lease falling due as follows:

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	<u>20</u>	<u>—</u>

29. 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	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted, but not provided for	<u>879</u>	<u>—</u>

30. RELATED PARTY TRANSACTIONS

During the year, the directors are of the view that related parties of the Group include the following companies:

Name of related party	Relationship with the Group
YWH Limited (“YWH”)	An entity controlled by a director of the Company
Able E & M	An entity jointly controlled by a director of the Company and a substantial shareholder of the Company
Central Illuminazione System Limited* (“Central Illuminazione”)	An entity under significant influence of a director of the Company
Able Engineering Company Limited (“Able Engineering”)	An entity controlled by a substantial shareholder of the Company
Able Contracting Limited (“Able Contracting”)	An entity controlled by a substantial shareholder of the Company
Able Contractors Limited (“Able Contractors”)	An entity controlled by a substantial shareholder of the Company
Excel Engineering Company Limited (“Excel”)	An entity controlled by a substantial shareholder of the Company
Lanon Development Limited (“Lanon Development”)	An entity controlled by a family member of a substantial shareholder of the Company
Lanon Building Limited (“Lanon Building”)	An entity controlled by a family member of a substantial shareholder of the Company

* *This entity was not a related party of the Group since 2 April 2014. As a result, only the purchases made before 2 April 2014 constituted related party transactions of the Group.*

- (a) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contract revenue from related parties [#]		
Able E & M	21,719	36,288
Able Engineering	94,005	56,033
Able Contracting	18,907	10,883
Able Contractors	7,789	1,286
Excel	1,041	1,492
Lanon Development	16,561	32,235
Lanon Building	45,930	23,998
Purchase of materials from Central Illuminazione	—	15,250
Rental expense to YWH [#]	40	—
Unlimited personal guarantee in respect of the Group's banking facilities provided by Mr. Fung	<u>—</u>	<u>78,133</u>

The above transactions were conducted on terms and conditions mutually agreed between the relevant parties. The directors are of the opinion that these related party transactions were conducted in the ordinary course of business of the Group.

(b) Outstanding balances with related parties

Other than balances with related parties disclosed elsewhere in the financial statements, the Group had no outstanding balances with related parties as at the end of the reporting period.

- (c) Compensation of key management personnel of the Group:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Short term employee benefits	8,793	7,401
Pension scheme contributions	<u>68</u>	<u>45</u>
Total compensation paid to key management personnel	<u>8,861</u>	<u>7,446</u>

Further details of compensation of directors' emoluments are included in note 8 to the financial statements.

[#] *These related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.*

31. FINANCIAL INSTRUMENTS BY CATEGORY

As at 31 March 2015, all the financial assets and liabilities of the Group were loans and receivables and financial liabilities at amortised cost, respectively.

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments reasonably approximate to fair values.

Management has assessed that the fair values of the current portion of deposits, accounts receivable, other receivables, amounts due from related parties, cash and cash equivalents, accounts payable, other payables and accruals, accruals of costs for contract works and interest-bearing bank loans approximate to their carrying amounts largely due to the short term maturities of these instruments.

During the year ended 31 March 2015, there were no transfer of fair value measurement between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include interest-bearing bank loans, accounts and other receivables, deposits, accounts and other payables, accruals of costs for contract works, and cash and cash equivalents. Details of these financial instruments are disclosed in the respective notes to the financial statements.

The Group's ordinary activities expose it to various financial risks, including interest rate risk, credit risk and liquidity risk. The risks associated with financial instruments and the policies on how to mitigate these risks are described below. Management monitors closely the Group's exposures to financial risks to ensure appropriate measures are implemented in a timely and effective manner.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

At 31 March 2015, it is estimated that an increase/decrease of 25 (2014: 25) basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by HK\$75,000 (2014: HK\$121,000) arising as a result of higher/lower interest expense on the Group's floating-rate borrowings. There would be no impact on the other components of the Group's equity.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period. For the purpose of the analysis, it is assumed that the amount of variable-rate borrowings outstanding at the end of the reporting period was outstanding throughout the whole year. The 25 basis point increase or decrease represents management assessment of a reasonably possible change in interest rates over the period until the reporting date of the next financial year.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from the time deposits denominated in Euro and RMB.

The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the Euro and RMB exchange rate, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity:

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in profit before tax HK\$'000
2015		
If Euro strengthens against the Hong Kong dollar	5.00	430
If Euro weakens against the Hong Kong dollar	(5.00)	(430)
If RMB strengthens against the Hong Kong dollar	5.00	1,985
If RMB weakens against the Hong Kong dollar	(5.00)	(1,985)

The Group did not have material foreign currency balances at 31 March 2014 and is therefore not subject to foreign currency risk.

Credit risk

The Group's credit risk is primarily attributable to bank balances, and accounts and other receivables. The Group's maximum credit risk exposure at 31 March 2015 and 2014 in the event of other parties failing to perform their obligations is represented by the carrying amount of each financial asset as stated in the consolidated statement of financial position.

Management monitors the creditworthiness and payment patterns of each debtor closely and on an ongoing basis. The Group's accounts receivable from contract works represent interim payments or retentions certified by the customers under the terms as stipulated in the contracts and the Group does not hold any collateral over these receivables. As the project employers in respect of the Group's contract works primarily consist of government departments and developers or owners with strong financial backgrounds, management considers that the risk of irrecoverable receivables from contract works is not significant.

At 31 March 2015, the Group had certain concentrations of credit risk as 20% (2014: 24%) of the total accounts receivable were due from the Group's largest external customer and 67% (2014: 68%) of the total accounts receivable were due from the Group's five largest external customers, respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts and other receivables are disclosed in notes 18 and 19, respectively, to the financial statements.

Liquidity risk

The Group's policy is to monitor regularly the current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term. In addition, banking facilities have been put in place for contingency purposes.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates as at the end of the reporting period) and the earliest date that the Group could be required to repay:

Group

	Within 1 year or on demand	In the second year	In the third to fifth year, inclusive	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 31 March 2015				
Accounts payable	17,626	8,477	—	26,103
Accruals of costs for contract works	60,187	—	—	60,187
Interest-bearing bank loans (<i>note</i>)	<u>36,066</u>	<u>—</u>	<u>—</u>	<u>36,066</u>
	<u>113,879</u>	<u>8,477</u>	<u>—</u>	<u>122,356</u>
As at 31 March 2014				
Accounts payable	21,428	5,424	104	26,956
Accruals of costs for contract works	48,707	—	—	48,707
Interest-bearing bank loans (<i>note</i>)	<u>57,833</u>	<u>—</u>	<u>—</u>	<u>57,833</u>
	<u>127,968</u>	<u>5,424</u>	<u>104</u>	<u>133,496</u>

Note:

The loan agreements of these bank loans contain a repayment on-demand clause giving the bank the unconditional right to call in the loan at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

Notwithstanding the above clause, the directors do not believe that the related loans will be called in their entirety within 12 months, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the loan agreements. This evaluation was made considering: the financial

position of the Group at the date of approval of the financial statements; the Group's compliance with the loan covenants; the lack of events of default and the fact that the Group has made all previously scheduled repayments on time.

The maturity profile of the loans as at 31 March 2014 and 2015, based on the contractual undiscounted payments, including expected interest payments, and ignoring the effect of any repayment on demand clause is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within one year	11,765	22,875
In the second year	11,366	11,774
In the third to fifth years, inclusive	8,450	17,080
After five years	<u>6,460</u>	<u>9,232</u>
	<u><u>38,041</u></u>	<u><u>60,961</u></u>

Company

	Within 1 year or on demand <i>HK\$'000</i>	In the second year <i>HK\$'000</i>	In the third to fifth year, inclusive <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 March 2015				
Accruals	64	—	—	64
Guarantees given to a bank in connection with facilities granted to a subsidiary	<u>36,066</u>	<u>—</u>	<u>—</u>	<u>36,066</u>
	<u><u>36,130</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>36,130</u></u>

Capital management

The primary objective of the Group's capital management policy is to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The directors review the capital structure on a periodical basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital and will balance the Group's overall capital structure through new share issues as well as raising new debts or repayment of existing debts.

The Group monitors capital using a gearing ratio, which is interest-bearing bank loans divided by the total equity. Total equity refers to equity attributable to owners of the parent. The gearing ratios as at the end of the reporting period were as follows:

Group

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest-bearing bank loans	<u>36,066</u>	<u>57,833</u>
Equity attributable to owners of the parent	<u>246,742</u>	<u>139,505</u>
Gearing ratio (%)	<u>14.6</u>	<u>41.5</u>

34. EVENTS AFTER THE REPORTING PERIOD

On 15 April 2015, the Group entered into a provisional sale and purchase agreement with YWH, an entity controlled by a director of the Company, to purchase a office property at a consideration of HK\$8,000,000. The transaction was completed in April 2015.

35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 19 June 2015.

3. UNAUDITED FINANCIAL INFORMATION

The unaudited financial information of the Group contained in the interim report of the Company for the six months ended 30 September 2015 is reproduced below. Capitalised terms used in this section shall have the same meanings as those defined in the interim report. Reference to notes numbers therein are to the notes numbers in the interim report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2015

		Unaudited	
		Six months ended	
		30 September	
		2015	2014
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	6	291,476	312,978
Contract costs		<u>(265,107)</u>	<u>(283,783)</u>
Gross profit		26,369	29,195
Other income and gains	6	1,351	262
Administrative expenses		(8,628)	(14,008)
Finance costs	7	(407)	(646)
Other expenses, net		<u>(2,582)</u>	<u>—</u>
Profit before tax	8	16,103	14,803
Income tax expense	9	<u>(3,192)</u>	<u>(3,957)</u>
Profit and total comprehensive income for the period		<u>12,911</u>	<u>10,846</u>
Profit and total comprehensive income attributable to equity holders of the parent		<u>12,911</u>	<u>10,846</u>
Earnings per share attributable to equity holders of the parent			
Basic and diluted	11	<u>HK\$3.2 cents</u>	<u>HK\$3.6 cents</u>

Details of dividend are disclosed in note 10 to the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2015

	<i>Notes</i>	Unaudited 30 September 2015 HK\$'000	Audited 31 March 2015 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	75,397	67,221
Pledged deposit for a life insurance product		<u>6,213</u>	<u>6,133</u>
Total non-current assets		<u>81,610</u>	<u>73,354</u>
CURRENT ASSETS			
Gross amount due from customers for contract works		55,968	61,703
Accounts receivable	13	50,554	63,633
Financial assets at fair value through profit or loss		8,507	—
Prepayments, deposits and other receivables		4,253	2,220
Tax recoverable		1,168	789
Time deposits with maturity of more than three months		—	14,945
Cash and cash equivalents		<u>170,063</u>	<u>156,755</u>
Total current assets		<u>290,513</u>	<u>300,045</u>
CURRENT LIABILITIES			
Accounts payable	14	16,836	26,103
Accruals of costs for contract works		61,114	60,187
Other payables and accruals		3,823	4,245
Interest-bearing bank loans	15	30,600	36,066
Dividend payable	10	<u>12,000</u>	<u>—</u>
Total current liabilities		<u>124,373</u>	<u>126,601</u>
NET CURRENT ASSETS		<u>166,140</u>	<u>173,444</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>247,750</u>	<u>246,798</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		<u>97</u>	<u>56</u>
Nets assets		<u>247,653</u>	<u>246,742</u>
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	16	4,000	4,000
Reserves		<u>243,653</u>	<u>242,742</u>
Total equity		<u>247,653</u>	<u>246,742</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2015

	Unaudited Attributable to equity holders of the parent				Total equity HK\$'000
	Issued capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	
At 1 April 2014	—	—	4,800	134,705	139,505
Profit and total comprehensive income for the period	—	—	—	10,846	10,846
Interim dividend	—	—	—	(36,000)	(36,000)
Issue of shares pursuant to the Reorganisation (note 16)	<u>10</u>	<u>114,341</u>	<u>(114,351)</u>	<u>—</u>	<u>—</u>
At 30 September 2014	<u><u>10</u></u>	<u><u>114,341</u></u>	<u><u>(109,551)</u></u>	<u><u>109,551</u></u>	<u><u>114,351</u></u>
At 1 April 2015	4,000	215,061	(109,551)	137,232	246,742
Profit and total comprehensive income for the Period	—	—	—	12,911	12,911
Final 2015 dividend (note 10)	<u>—</u>	<u>(12,000)</u>	<u>—</u>	<u>—</u>	<u>(12,000)</u>
At 30 September 2015	<u><u>4,000</u></u>	<u><u>203,061*</u></u>	<u><u>(109,551)*</u></u>	<u><u>150,143*</u></u>	<u><u>247,653</u></u>

* These reserve accounts comprise the consolidated reserves of HK\$243,653,000 (31 March 2015: HK\$242,742,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*Six months ended 30 September 2015*

	Unaudited	
	Six months ended	
	30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
CASH GENERATED FROM OPERATIONS		
Cash generated from operating activities	27,037	17,002
Interest received	601	1
Interest paid	(407)	(646)
Hong Kong profits tax paid	<u>(3,529)</u>	<u>(2,289)</u>
Net cash flows from operating activities	<u>23,702</u>	<u>14,068</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of items of property, plant and equipment	(9,920)	(379)
Proceeds from disposal of items of property, plant and equipment	48	—
Prepayments made for acquisition of property, plant and equipment	—	(4,363)
Decrease in time deposits with maturity of more than three months	14,945	—
Purchases of financial assets at fair value through profit or loss	<u>(10,000)</u>	<u>—</u>
Net cash flows used in investing activities	<u>(4,927)</u>	<u>(4,742)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of interest-bearing bank loans	<u>(5,467)</u>	<u>(11,966)</u>
Net cash flows used in financing activities	<u>(5,467)</u>	<u>(11,966)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	13,308	(2,640)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>156,755</u>	<u>96,491</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>170,063</u>	<u>93,851</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and bank balances	<u>170,063</u>	<u>93,851</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**1. CORPORATE INFORMATION**

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 Company is an investment holding company. The Group's principal subsidiaries were engaged in the provision of building services ("Building Services") in Hong Kong.

Pursuant to the reorganisation in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 22 September 2014. 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 (the "Listing"). Details of the Reorganisation are set out in the section headed "History and Reorganisation" to the prospectus of the Company dated 30 September 2014 (the "Prospectus").

In the opinion of the Directors, the immediate and ultimate holding company of the Company is Team Great Limited ("Team Great"), which is incorporated in the British Virgin Islands ("BVI").

2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 September 2015 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements set out in Appendix 16 of Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The accounting policies and the basis of preparation adopted in the preparation of this condensed consolidated financial information is consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2015 except in relation to the following accounting policies of financial assets at fair value through profit or loss that affect the Company and the Group and has been adopted for the first time for the Period's financial information.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as other expenses in profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies in the preparation of the Group's annual financial statements for the year ended 31 March 2015.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

This condensed consolidated financial information is presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated. This condensed consolidated financial information has not been audited or reviewed by the Company's external auditors, but has been reviewed by the Company's Audit Committee.

3. PRINCIPAL ACCOUNTING POLICIES

In the Period, the Group has adopted, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA:

Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
<i>Annual improvements 2010–2012 Cycle</i>	Amendments to a number of HKFRSs
<i>Annual improvements 2011–2013 Cycle</i>	Amendments to a number of HKFRSs

The adoption of these new and revised HKFRSs has had no significant impact on the accounting policies of the Group and the methods of computation in the Group's unaudited condensed consolidated interim financial information.

The Group has not early adopted any new and revised HKFRSs that have been issued but are not yet effective, in this condensed consolidated financial information. The Group is in the process of making an assessment of the impact of the new and revised HKFRSs upon initial application. So far, the Group considers that the new and revised HKFRSs that are not yet effective are unlikely to have a significant impact on the Group's results of operations and financial position.

4. ESTIMATES

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

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the Group's consolidated financial statements for the year ended 31 March 2015.

5. SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the provision for 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 six months ended 30 September 2015 and 2014, and the non-current assets of the Group were located in Hong Kong as at 30 September 2015 and 31 March 2015.

6. REVENUE, OTHER INCOME AND GAINS

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

	Unaudited	
	Six months ended	
	30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
Contract revenue	291,476	312,978
	<u>291,476</u>	<u>312,978</u>
Other income and gains		
Interest income	933	117
Gross rental income	8	120
Gain on disposal of items of property, plant and equipment	48	—
Management fee income	355	25
Sundry income	7	—
	<u>1,351</u>	<u>262</u>

7. FINANCE COSTS

	Unaudited	
	Six months ended	
	30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans wholly repayable within five years	407	646
	<u>407</u>	<u>646</u>

8. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	Unaudited	
	Six months ended	
	30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation	1,745	1,486
Employee benefit expenses (exclusive of directors' remuneration)	17,374	16,541
Directors' remuneration	5,544	5,137
Exchange loss, net*	1,089	—
Fair value losses on financial assets at fair value through profit or loss*	1,493	—
	<u>1,493</u>	<u>—</u>

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

9. INCOME TAX

Hong Kong profit tax has been provided at the rate of 16.5% (six months ended 30 September 2014: 16.5%) on the estimated assessable profits arising in Hong Kong for the Period.

	Unaudited	
	Six months ended	
	30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current — Hong Kong charge for the period	3,151	3,849
Deferred	<u>41</u>	<u>108</u>
Total tax charge for the period	<u><u>3,192</u></u>	<u><u>3,957</u></u>

10. DIVIDEND

A final dividend of HK\$3 cents per ordinary share amounting to HK\$12,000,000 for the year ended 31 March 2015 was paid on 16 October 2015 by the Company.

The Board does not recommend the payment of any dividend for the six months ended 30 September 2015 (Six months ended 30 September 2014: Nil).

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

The calculation of the basic earnings per share for the Period is based on the consolidated profit attributable to owners of the Company and the weighted average number of 400,000,000 ordinary shares in issue during the Period.

The number of ordinary shares used to calculate the basic earnings per share for the six months ended 30 September 2014 was based on 300,000,000 ordinary shares of the Company, representing the number of ordinary shares of the Company after completion of the Reorganisation and the Capitalisation Issue as defined in note 16 to the condensed consolidated interim financial information, have been in issue throughout the six months ended 30 September 2014.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 September 2015 and 2014 as the Company had no potentially dilutive ordinary share in issue during those periods.

12. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2015, the Group incurred approximately HK\$9,920,000 (six months ended 30 September 2014: approximately HK\$379,000) on the additions of items of property, plant and equipment.

13. ACCOUNTS RECEIVABLE

	Unaudited 30 September 2015 <i>HK\$'000</i>	Audited 31 March 2015 <i>HK\$'000</i>
Due from third parties	19,335	39,693
Due from related parties	<u>31,219</u>	<u>23,940</u>
	<u><u>50,554</u></u>	<u><u>63,633</u></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 payments from their project employers.

At 30 September 2015, retentions receivable (including those classified under amounts due from related parties) included in accounts receivable amounted to HK\$15,248,000 (31 March 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:

	Unaudited 30 September 2015 <i>HK\$'000</i>	Audited 31 March 2015 <i>HK\$'000</i>
Past due but not impaired:		
One to three months past due	1,005	1,038
Four to six months past due	—	—
Over six months past due	<u>3,194</u>	<u>2,187</u>
	4,199	3,225
Neither past due nor not impaired:	<u>46,355</u>	<u>60,408</u>
	<u><u>50,554</u></u>	<u><u>63,633</u></u>

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 enhancement 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.

14. ACCOUNTS PAYABLE

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

	Unaudited 30 September 2015 <i>HK\$'000</i>	Audited 31 March 2015 <i>HK\$'000</i>
Current to 3 months	<u>16,836</u>	<u>26,103</u>
	<u><u>16,836</u></u>	<u><u>26,103</u></u>

At 30 September 2015, retentions payable included in accounts payable amounted to HK\$8,970,000 (31 March 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.

15. INTEREST-BEARING BANK LOANS

Interest-bearing bank loans of the Group are repayable on demand and are analysed as follows:

	Unaudited 30 September 2015 <i>HK\$'000</i>	Audited 31 March 2015 <i>HK\$'000</i>
Interest-bearing bank loans — repayable on demand, secured and at a floating interest rate	<u>30,600</u>	<u>36,066</u>

The Group's bank loans are denominated in Hong Kong dollars. In the opinion of the Directors, the carrying amounts of the Group's bank loans approximate to their fair values.

16. ISSUED CAPITAL**Shares**

	Unaudited 30 September 2015 <i>HK\$'000</i>	Audited 31 March 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 were as follows:

	<i>Notes</i>	Number of ordinary shares of HK\$0.01 each	Nominal value of ordinary shares HK\$'000
Authorised:			
At 21 May 2014 (date of incorporation)	<i>(a)</i>	37,000,000	370
Increase in authorised share capital on 22 September 2014	<i>(b)</i>	<u>963,000,000</u>	<u>9,630</u>
At 30 September 2014, 31 March 2015, 1 April 2015 and 30 September 2015		<u>1,000,000,000</u>	<u>10,000</u>
Unaudited			
	<i>Notes</i>	Number of shares in issue	Issued capital HK\$'000
Issued and fully paid:			
As at 21 May 2014 (date of incorporation)	<i>(a)</i>	1	—
Issue of shares pursuant to the Reorganisation	<i>(b)</i>	<u>999,999</u>	<u>10</u>
As at 30 September 2014		1,000,000	10
Capitalisation Issue	<i>(c)</i>	299,000,000	2,990
Issue of new shares pursuant to the Share Offer	<i>(d)</i>	<u>100,000,000</u>	<u>1,000</u>
At 31 March 2015, 1 April 2015 and 30 September 2015		<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, which was transferred to 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 Engineering Company Limited ("Fungs E & M") to Master Grand Investment Company Limited, a direct wholly-owned subsidiary of the Company, in consideration of 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 Main Board of 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.

17. RELATED PARTY TRANSACTIONS

During the Period, the Directors are of the view that related parties of the Group include the following companies:

Name of related party	Relationship with the Group
YWH Limited (“YWH”)	An entity controlled by a director of the Company
Able E & M Engineering Company Limited (“Able E & M”)	An entity jointly-controlled by a director of the Company and a substantial shareholder of the Company
Able Engineering Company Limited (“Able Engineering”)	An entity controlled by a substantial shareholder of the Company
Able Contracting Limited (“Able Contracting”)	An entity controlled by a substantial shareholder of the Company
Able Contractors Limited (“Able Contractors”)	An entity controlled by a substantial shareholder of the Company
Excel Engineering Company Limited (“Excel”)*	An entity controlled by a substantial shareholder of the Company
Lanon Development Limited (“Lanon Development”)	An entity controlled by a family member of a substantial shareholder of the Company
Lanon Building Limited (“Lanon Building”)	An entity controlled by a family member of a substantial shareholder of the Company

* *This entity was not a related party of the Group since 5 June 2015. As a result, only the contract revenue recognised before 5 June 2015 constituted related party transactions of the Group.*

- (a) During the Period, the Group had transactions with the following related parties:

	Unaudited	
	Six months ended	
	30 September	
	2015	2014
	HK\$'000	HK\$'000
Contract revenue from related parties:		
Able E & M	3,937	9,145
Able Engineering	15,750	35,711
Able Contracting	18,674	11,593
Able Contractors	1,768	1,362
Excel	—	1,041
Lanon Development	4,773	8,514
Lanon Building	46,210	32,635
Rental expenses to YWH	120	—
Purchase of items of property, plant and equipment from YWH	8,000	—
Unlimited personal guarantee in respect of the Group's banking facilities provided by Mr. Fung Chi Wing (“Mr. Fung”)	—	71,167
	<u> </u>	<u> </u>

The transactions were conducted on terms and conditions mutually agreed between the relevant parties.

(b) Outstanding balances with related parties

Other than balances with related parties disclosed elsewhere in the condensed consolidated interim financial information, the Group had no outstanding balances with related parties as at the end of each reporting period.

(c) Compensation of key management personnel of the Group:

	Unaudited	
	Six months ended	
	30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Short term employee benefits	5,973	5,111
Pension scheme contributions	<u>36</u>	<u>26</u>
Total compensation paid to key management personnel	<u><u>6,009</u></u>	<u><u>5,137</u></u>

18. 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 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.

19. CAPITAL COMMITMENTS

	Unaudited	Audited
	30 September	31 March 2015
	2015	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted, but not provided for in respect of:		
Acquisition of items of property, plant and equipment	<u>3,337</u>	<u>—</u>

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments reasonably approximate to fair values.

The fair value of the non-current portion of the pledged deposit for a life insurance product is categorised within Level 3 of the fair value hierarchy and has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar credit risk and remaining maturities.

Management has assessed that the fair values of the current portion of deposits, accounts receivable, other receivables, amounts due from related parties, cash and cash equivalents, accounts payable, accruals of costs for contract works, other payables, dividend payable and interest-bearing bank loans approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of financial assets at fair value through profit or loss have been estimated using significant observable inputs including the market price of a listed security.

Fair value hierarchy

The following table illustrated the fair value measurement hierarchy of the Group's financial assets at fair value through profit or loss:

Assets measured at fair value:

As at 30 September 2015 (Unaudited)

	Fair value measurement using			Total <i>HK\$'000</i>
	Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Significant observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	
Financial assets at fair value through profit or loss	—	8,507	—	8,507

The Group did not have any financial assets measured at fair value as at 31 March 2015.

The Group did not have any financial liabilities measured at fair value as at 30 September 2015 (31 March 2015: Nil).

During the Period, there was no transfer of fair value measurement between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities.

21. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

This unaudited condensed consolidated interim financial information was approved and authorised for issue by the Board on 26 November 2015.

4. INDEBTEDNESS

Borrowings

At the close of business on 30 November 2015, the Group had no borrowings.

Contingent liabilities

As at 30 November 2015, the Group had performance bonds issued by a bank in favour of certain contract customers amounted to approximately HK\$18,562,000.

As at 30 November 2015, the Group has given guarantees in favour of certain banks in connection with certain banking facilities granted by those banks to the Group of which approximately HK\$18,562,000 was utilised.

Pledge of Assets

As at 30 November 2015, a property owned by the Group with a carrying amount of approximately HK\$47,913,000, and a deposit of life insurance product with a carrying amount of approximately HK\$6,232,000 were pledged to a bank to secure the general banking facilities granted to the Group.

Save as aforesaid and apart from intra-group liabilities, as at the close of business on 30 November 2015, the Group did not have any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debt securities (whether issued and outstanding or authorised or otherwise created but unissued), guarantees or other material contingent liabilities.

The Directors confirmed that, save as disclosed above, there had not been any material change to the indebtedness and contingent liabilities of the Group since 30 November 2015 and up to the Latest Practicable Date.

5. MATERIAL CHANGE

As at the Latest Practicable Date, save as disclosed below, there has been no material changes in the financial and trading position or outlook of the Group since 31 March 2015 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

- (a) as disclosed in the Company's announcement dated 15 April 2015, the Group had entered into a sale and purchase agreement with YWH Limited, a company wholly-owned by Mr. Fung, pursuant to which the Group agreed to acquire an office property at a consideration of HK\$8,000,000. The transaction was completed on 30 April 2015; and
- (b) the Group's cash and cash equivalents decreased from approximately HK\$156,755,000 as at 31 March 2015 to approximately HK\$124,585,000 as at 30 November 2015, primarily as a result of the combined effect (i) the payment of a final dividend for the year ended 31 March 2015 of HK\$0.03 per Share on 16 October 2015 in the total amount of approximately HK\$12,000,000, (ii) repayment of the Group's interest bearing bank loans of approximately HK\$36,066,000, (iii) payment for the acquisition of an office property as mentioned in paragraph (a) above; (iv) proceeds from disposal of items of property, plant and equipment of approximately HK\$5.0 million and (v) the net cash flows from operating activities of approximately HK\$7.0 million.

1. RESPONSIBILITY STATEMENTS

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than those relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinion expressed in this Composite Document (other than those expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

Mr. Wei, the sole director of the Offeror and Ms. Xu, the sole director of Ningbo He Ze Run accept full responsibility for the accuracy of the information contained in this Composite Document (other than those relating to the Group, the Vendor and parties acting in concert with any of them), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Group, the Vendor and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

This Composite Document, for which all Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror and parties acting in concert with it), and confirm having made all reasonable enquiries that to the best of their knowledge and belief the information contained in this Composite Document 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 Composite Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised capital</i>	<i>HK\$</i>
<u>1,000,000,000</u> Shares	<u>10,000,000</u>
<i>Issued and fully paid or credited as fully paid</i>	
<u>400,000,000</u> Shares	<u>4,000,000</u>

No Shares have been issued since 31 March 2015, the date on which the latest audited financial statements of the Group were made up, and up to the Latest Practicable Date.

All Shares in issue rank *pari passu* in all respects with each other including as regards to capital, dividends and voting rights.

As at the Latest Practicable Date, the Company has no outstanding options, warrants, securities, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into new Shares.

3. DISCLOSURE OF INTERESTS

(a) Interest of the Company and the Directors in the Offeror

As at the Latest Practicable Date, neither any member of the Group nor any of the Directors was interested in or owned or controlled any shares, convertible securities, warrants, options or derivatives of the Offeror.

(b) Interests of the Directors and chief executive of the Company in the Company

As at the Latest Practicable Date, none of the Directors had any beneficial interests in the share capital of the Company which were required to be notified to the Company and the Stock Exchange pursuant to section 341 or section 344 of the SFO, or were required, pursuant to section 352 of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers to be entered in the register referred to therein or pursuant to the requirements under the Takeovers Code. None of the Directors was interested in any other Relevant Securities of the Company as at the Latest Practicable Date.

(c) Interests of the substantial Shareholders in the Company

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as was known to the Directors or chief executive of the Company, the persons or entities, other than the Director or chief executive of the Company, who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other company which is a subsidiary of the Company, or in any options in respect of such share capital were as follows:

Name of Shareholder	Capacity and nature of interest	Number and class of securities	Percentage of the issued Shares
The Offeror	Beneficial owner	300,000,000 Shares (L) ^{Note 1}	75.00%
Mr. Wei ^{Note 2}	Interest in a controlled corporation	300,000,000 Shares (L) ^{Note 1}	75.00%

Notes:

- (1) The letter “L” denotes the long position of the substantial Shareholder in the Shares.
- (2) The Offeror is wholly-owned by Zhejiang Jin Cheng, which, in turn, is wholly-owned by Ningbo He Ze Run. Ningbo He Ze Run is beneficially owned as to 90% by Mr. Wei and 10% by Ms. Xu. Accordingly, Mr. Wei is deemed to be interested in the 300,000,000 Shares held by the Offeror under the SFO. Mr. Wei is also the sole director of the Offeror.

Save as disclosed herein and so far as is known to the Directors, as at the Latest Practicable Date, no person (not being a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other company which is a subsidiary of the Company or in any options in respect of such share capital.

4. INTEREST IN THE COMPANY AND THE OFFEROR AND ARRANGEMENTS IN CONNECTION WITH THE OFFER

- (a) As at the Latest Practicable Date, save as disclosed in the sub-paragraph headed “Disclosure of interest” above:
- (i) none of the Offeror, Mr. Wei or any parties acting in concert with any of them had any interests in or owned or controlled any Shares or had direction over any Shares or other Relevant Securities of the Company;
 - (ii) there were no Shares or other Relevant Securities of the Company carrying voting rights which the Offeror or any parties acting in concert with it has borrowed or lent;
 - (iii) there were no Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company which the Company and any Directors had borrowed or lent;
 - (iv) the Company had no interest in the equity share capital or any convertible securities, warrants, options and derivatives of the Offeror;
 - (v) none of the Directors had any interest in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company or of the equity share capital or any convertible securities, warrants, options and derivatives of the Offeror; and
 - (vi) no Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code (including the Independent Financial Adviser) but excluding exempt principal traders.
- (b) There was no agreement, arrangement or understanding that the Shares acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons.
- (c) No person who owned or controlled any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company has irrevocably committed themselves to accept or not to accept the Offer.
- (d) None of the Offeror, its associates, Mr. Wei or any parties acting in concert with any of them, have entered into any arrangements of the kind (whether by way of option, indemnity, or otherwise) as referred to in Note 8 to Rule 22 of the Takeovers Code with any other person.

- (e) Save for the Sale and Purchase Agreement, there was no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.
- (f) No person has any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code.
- (g) No Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options or derivatives of the Company are managed on a discretionary basis by fund managers connected with the Company.
- (h) Save for the arrangement set out under the paragraph head “Proposed change of composition of the Board” in the “Letter from the Joint Financial Advisers” of this Composite Document, there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror or any person acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with the Offer or being dependent upon the outcome of the Offer.
- (i) Save for the entering into of the Sale and Purchase Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror, its sole ultimate beneficial owner and/or parties acting in concert with any of them and any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.
- (j) Save for the entering into of the Sale and Purchase Agreement, no material contracts has been entered into by the Offeror in which a Director has a material personal interest.

5. DEALINGS IN SECURITIES AND ARRANGEMENT IN RELATION TO DEALINGS

During the Relevant Period,

- (i) save for the entering into of the Sale and Purchase Agreement, neither the Offeror, Mr. Wei nor parties acting in concert with any of them had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company;
- (ii) neither the Company nor the Directors had dealt for value in any Shares or other securities of the Offeror carrying voting rights or convertible securities, warrants, options or derivatives of the Offeror;

- (iii) save for the on market disposal of 468,000 Shares by Ms. Fung Mei Lan, an executive Director, on 21 December 2015 at \$2.48 per Share, which comprised approximately 0.12% of the total issued share capital of the Company as at the date of such disposal, none of the Directors had dealt for value in any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company;
- (iv) none of the subsidiaries of the Company or a pension fund (if any) of any member of the Group or an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code (including the Independent Financial Adviser) had dealt for value in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company;
- (v) no person, with whom the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code, had dealt in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company; and
- (vi) no fund managers connected with the Company had dealt for value in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company.

6. DIRECTORS' SERVICE CONTRACTS AND OTHER INTERESTS

The Company has entered into service agreements with the following Directors for a fixed term with more than 12 months to run irrespective of notice period (in which case, the appointment shall be subject to the provisions for retirement by rotation in the Articles of Association of the Company), details of which are set out below.

Save as disclosed below, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries which:

- (a) (including both continuous and fixed term contracts) was entered into or amended within six months before the commencement of the Offer Period;
- (b) was a continuous contract with a notice period of 12 months or more; or

- (c) was a fixed term contract with more than 12 months to run irrespective of the notice period.

Name of Director	Entity which the service contract is entered into	Date of contract	Commencement date and expiry date of the contract	Amount of fixed remuneration payable under the contract (excluding arrangement for pension payments)	Amount of any variable remuneration payable and other benefits under the contract
FUNG Chi Wing	The Company	22 September 2014	From 16 October 2014 to 15 October 2017	HK\$1 per annum	Nil
FUNG Mei Lan	The Company	22 September 2014	From 16 October 2014 to 15 October 2017	HK\$1 per annum	Nil
WONG Chi Wai	The Company	22 September 2014	From 16 October 2014 to 15 October 2017	HK\$1 per annum	Nil

No benefit (other than statutory compensation) has been or will be given to any Director as compensation for loss of office or otherwise in connection with the Offer.

7. MARKET PRICES

- (a) The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$2.50 per Share on 22, 28, 29 and 30 December 2015 and HK\$1.22 per Share on 8 July 2015.
- (b) The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on (i) the last Business Day of each of the calendar months during the Relevant Period; (ii) the last full Business Day immediately preceding the date of the Preliminary Announcement; (iii) the Last Trading Day; and (iv) the Latest Practicable Date:

Date	Closing price per Share (HK\$)
29 May 2015	1.66
30 June 2015	1.89
31 July 2015	1.78
31 August 2015	1.70
30 September 2015	1.64
30 October 2015	2.05
4 November 2015 (being the last full Business Day before the date of the Preliminary Announcement)	2.21
30 November 2015	2.22
4 December 2015 (being the Last Trading Day)	2.23
31 December 2015	2.49
22 January 2016 (being the Latest Practicable Date)	2.48

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was or may become a party to any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

9. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) within the two years preceding the commencement of the Offer Period and up to the Latest Practicable Date and which is or may be material:

- agreement for sale and purchase dated 8 November 2013 entered into between YWH Limited, a company wholly-owned by Mr. Fung and independent of the Offeror, as vendor and Fungs E & M, a wholly-owned subsidiary of the Company, as purchaser in relation to the purchase of the lorry car parking space nos. 8, 9 and 10 on the 1st floor of Summit Building at 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong at a consideration of HK\$4,800,000;
- assignment dated 22 November 2013 entered into between YWH Limited, a company wholly-owned by Mr. Fung and independent of the Offeror, as vendor and Fungs E & M, a wholly-owned subsidiary of the Company, as purchaser in relation to the assignment of the lorry car parking space nos. 8, 9 and 10 on the 1st floor of Summit Building at 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong at a consideration of HK\$4,800,000;
- agreement for sale and purchase dated 6 January 2014 entered into between YWH Limited, a company wholly-owned by Mr. Fung and independent of the Offeror, as vendor and Fungs E & M, a wholly-owned subsidiary of the Company, as purchaser in relation to the purchase of the private car park nos. 10, 14, 21 and 22 on the basement of Summit Building, 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong at a consideration of HK\$3,200,000;
- assignment dated 6 January 2014 entered into between YWH Limited, a company wholly-owned by Mr. Fung and independent of the Offeror, as vendor and Fungs E & M, a wholly-owned subsidiary of the Company, as purchaser in relation to the assignment of the private car parking space nos. 10, 14, 21 and 22 on the basement of Summit Building at 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong at a consideration of HK\$3,200,000;
- agreement for sale and purchase dated 6 January 2014 entered into between YWH Limited, a company wholly-owned by Mr. Fung and independent of the Offeror, as vendor and Fungs E & M, a wholly-owned subsidiary of the Company, as purchaser in relation to the purchase of the private car park nos. 64 and 65 on the basement of Summit Building, 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong at a consideration of HK\$1,600,000;

- assignment dated 6 January 2014 entered into between YWH Limited, a company wholly-owned by Mr. Fung and independent of the Offeror, as vendor and Fungs E & M, a wholly-owned subsidiary of the Company, as purchaser in relation to the assignment of the private car parking space nos. 64 and 65 on the basement of Summit Building at 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong at a consideration of HK\$1,600,000;
- lease termination agreement dated 27 June 2014 entered into between Fungs E & M, a wholly-owned subsidiary of the Company, and Union (Luen Hop) Refrigeration Co., Ltd., an independent third party, consenting to the termination of the tenancy agreement dated 28 March 2013 made between the same parties in respect of the premises located at Unit B2, 10th Floor, Summit Building, 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong;
- provisional agreement for sale and purchase dated 13 August 2014 entered into between Tung Fong (Hong Kong) System Limited, an independent third party, as vendor and Fungs E & M, a wholly-owned subsidiary of the Company, as purchaser in relation to the purchase of Unit H5 on the 11th Floor, Summit Building, No. 30 Man Yue Street, Nos. 21 & 23, Tai Wan Road, Kowloon, Hong Kong at a consideration of HK\$4,130,000;
- sale and purchase agreement dated 27 August 2014 entered into between Tung Fong (Hong Kong) System Limited, an independent third party, as vendor and Fungs E & M, a wholly-owned subsidiary of the Company, as purchaser in relation to the purchase of Unit H5 on the 11th Floor, Summit Building, No. 30 Man Yue Street, Nos. 21 & 23, Tai Wan Road, Kowloon, Hong Kong at a consideration of HK\$4,130,000;
- sale and purchase agreement dated 22 September 2014 entered into, amongst the Vendor, the Company and Master Grand, pursuant to which the Vendor agreed to transfer all of their shares in Fungs E & M to Master Grand in consideration for the allotment and issue of 999,999 credited and fully paid Shares by the Company to the Vendor;
- deed of indemnity dated 22 September 2014 given by the Vendor, Globetrade, Profit Chain, Mr. Fung, Mr. Ngai Chun Hung and Vantage in favour of the Group in respect of taxation and other indemnities;
- deed of non-competition dated 22 September 2014 executed by Mr. Ngai Chun Hung, Mr. Fung and the Vendor in favour of the Group containing certain non-competition undertakings to the Group;
- public offer underwriting agreement dated 29 September 2014 entered into among the Company, Ample Capital Limited (an independent third party), Ample Orient Capital Limited (an independent third party), the controlling shareholders of the Company at the time, the executive directors of the Company at the time and the public underwriter named therein relating to a public offer of 10,000,000 Shares;

- assignment dated 3 October 2014 entered into between Tung Fong (Hong Kong) System Limited, an independent third party, as vendor and Fungs E & M, a wholly-owned subsidiary of the Company, as purchaser in relation to the purchase of Unit H5 on the 11th Floor, Summit Building, No. 30 Man Yue Street, Nos. 21 & 23, Tai Wan Road, Kowloon, Hong Kong at a consideration of HK\$4,130,000;
- price determination agreement dated 8 October 2014 entered into between the Company and Ample Orient Capital Limited (an independent third party) (for itself and on behalf of the underwriters), for the purpose of determining the final offer price per Share under the public offer and placing of 100,000,000 Shares;
- placing underwriting agreement dated 8 October 2014 entered into by the Company, Ample Capital Limited (an independent third party), Ample Orient Capital Limited (an independent third party), Convoy Investment Services Limited, the controlling shareholders of the Company at the time, the executive directors of the Company at the time and the placing underwriters named therein relating to the placing of 90,000,000 Shares under which the placing underwriters are entitled to an underwriting commission of 1.25% of the aggregate offer price in respect of all the placing shares;
- tenancy agreement dated 1 February 2015 entered into between YWH Limited, a company wholly-owned by Mr. Fung and independent of the Offeror, as landlord and Fungs E & M, a wholly-owned subsidiary of the Company, as tenant in relation to the lease of Unit K on the 11th Floor, Summit Building, No. 30 Man Yue Street, Nos. 21 & 23, Tai Wan Road, Kowloon, Hong Kong at a rent of HK\$20,000 per month for a term of four months commencing from 1 February 2015 to 31 May 2015;
- provisional agreement for sale and purchase dated 12 March 2015 entered into between Hantang Development Limited, an independent third party, as vendor and Fungs E & M, a wholly-owned subsidiary of the Company, as purchaser in relation to the purchase of the private car park no. 7 on the basement of Summit Building, No. 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong at a consideration of HK\$1,000,000;
- agreement for sale and purchase dated 26 March 2015 entered into between Hantang Development Limited, an independent third party, as vendor and Fungs E & M, a wholly-owned subsidiary of the Company, as purchaser in relation to the purchase of the private car park no. 7 on the basement of Summit Building, No. 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong at a consideration of HK\$1,000,000;
- tenancy agreement dated 1 April 2015 entered into between YWH Limited as landlord and Fungs E & M, a wholly-owned subsidiary of the Company, as tenant in relation to the lease of Unit I on the 2nd Floor, Wang Yip Centre, No. 18 Wang Yip Street East, Yuen Long, New Territories, Hong Kong at a rent of HK\$20,000 per month for a term of three years commencing from 1 April 2015 to 31 March 2018;

- agreement for sale and purchase dated 15 April 2015 entered into between YWH Limited, a company wholly-owned by Mr. Fung and independent of the Offeror, as vendor and Fungs E & M, a wholly-owned subsidiary of the Company, as purchaser in relation to the purchase of Unit K on the 11th Floor, Summit Building, No. 30 Man Yue Street, Nos. 21 & 23, Tai Wan Road, Kowloon, Hong Kong at a consideration of HK\$8,000,000;
- assignment dated 20 April 2015 entered into between Hantang Development Limited, an independent third party, as vendor and Fungs E & M, a wholly-owned subsidiary of the Company, as purchaser in relation to the assignment of the private car park no. 7 on the basement of Summit Building, No. 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong at a consideration of HK\$1,000,000;
- assignment dated 30 April 2015 entered into between YWH Limited, a company wholly-owned by Mr. Fung and independent of the Offeror, as vendor and Fungs E & M, a wholly-owned subsidiary of the Company, as purchaser in relation to the assignment of Unit K on the 11th Floor, Summit Building, No. 30 Man Yue Street, Nos. 21 & 23, Tai Wan Road, Kowloon, Hong Kong at a consideration of HK\$8,000,000;
- subscription agreement dated 21 July 2015 entered into by Fungs E & M, a wholly-owned subsidiary of the Company, in relation to the subscription of certain equity linked investment totalling HK\$10,000,000;
- provisional agreement for sale and purchase dated 14 August 2015 entered into between Fungs E & M, a wholly-owned subsidiary of the Company, as vendor and Yau Lan Fong Ivy and Wang Jinde (both are independent third parties) as purchasers in relation to the sale of Unit H5 on the 11th Floor, Summit Building, No. 30 Man Yue Street, Nos. 21 & 23, Tai Wan Road, Kowloon, Hong Kong at a consideration of HK\$5,000,000;
- tenancy agreement dated 28 August 2015 entered into between Luen Fat Glove Factory Limited, an independent third party, as landlord and Fungs E & M, a wholly-owned subsidiary of the Company, as tenant in relation to the lease of Unit E on the 3rd Floor, Wang Yip Centre, No. 18 Wang Yip Street East, Yuen Long, New Territories, Hong Kong at a rent of HK\$18,000 per month for a term of two years commencing from 1 September 2015 to 31 August 2017;
- agreement for sale and purchase dated 28 August 2015 entered into between Fungs E & M, a wholly-owned subsidiary of the Company, as vendor and Yau Lan Fong Ivy and Wang Jinde (both are independent third parties) as purchasers in relation to the sale of Unit H5 on the 11th Floor, Summit Building, No. 30 Man Yue Street, Nos. 21 & 23, Tai Wan Road, Kowloon, Hong Kong at a consideration of HK\$5,000,000; and
- assignment dated 16 November 2015 entered into between Fungs E & M, a wholly-owned subsidiary of the Company, as vendor and Yau Lan Fong Ivy and Wang Jinde (both are independent third parties) as purchasers in relation to the

assignment of Unit H5 on the 11th Floor, Summit Building, No. 30 Man Yue Street, Nos. 21 & 23, Tai Wan Road, Kowloon, Hong Kong at a consideration of HK\$5,000,000.

Save as disclosed above, no contract (not being a contract entered into in the ordinary course of business carried on by the Group) has been entered into by any member of the Group within two years preceding the commencement of the Offer Period and up to the Latest Practicable Date which are or may be material.

10. EXPERTS AND CONSENTS

The followings are the qualification of the experts who have given opinion or advice which is contained in this Composite Document:

Name	Qualifications
China Everbright Capital	a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
China Everbright Securities	a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
LY Capital	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Alliance Capital	a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, none of China Everbright Capital, China Everbright Securities, LY Capital and Alliance Capital had any shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or had any interest, either directly or indirectly, in any assets which had been, since 31 March 2015 (the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of China Everbright Capital, China Everbright Securities, LY Capital and Alliance Capital has given and has not withdrawn their respective written consents to the issue of this Composite Document with the inclusion of their respective advice and/or letters (as the case may be) and references to their names and logos in the form and context in which they respectively appear.

11. GENERAL

As at the Latest Practicable Date:

- (a) The principal members of the Offeror's concert group includes (i) the Offeror; (ii) Mr. Wei; (iii) Zhejiang Jin Cheng; (iv) Ningbo He Ze Run; (v) Ms. Xu; (vi) Ms. Chen Zheng; and (vii) Mr. Fu Kangzhou whose respective addresses are as follows:
- (i) the registered office of the Offeror is situated at Flat 2806–2807, 28/F, Citibank Tower, 3 Garden Road Central, Hong Kong;
 - (ii) the correspondence address of Mr. Wei is at Room 2303, Building 1, Nanduyinzuo, Hangzhou City, Zhejiang Province, PRC;
 - (iii) the registered office of Zhejiang Jin Cheng is situated at No. 18-1 Jiashanxincun, Shangtang Road, Gongshu District, Hangzhou City, Zhejiang Province, PRC;
 - (iv) the registered office of Ningbo He Ze Run is situated at Room 319, 3-1, Building 21, No.26 Zouma Road, Cicheng County, Jiangbei District, Ningbo City, Zhejiang Province, PRC;
 - (v) the correspondence address of Ms. Xu is Room 802, Unit 1, Building 23 One Block Sanlijiayuan, Xiacheng District, Hangzhou City, Zhejiang Province, PRC;
 - (vi) the correspondence address of Ms. Chen Zheng is Room 13-2-1303 Henxinnanyuan, Zhangzhengqiao, Xiaohejie Road, Gongshu District, Hangzhou City, Zhejiang Province, PRC; and
 - (vii) the correspondence address of Mr. Fu Kangzhou is Room 2204, Building 21 Lvzhou Gardan, Xiacheng District, Hangzhou City, Zhejiang Province, PRC.
- (b) The registered office of the Company is at Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The head office and principal place of business of the Company in Hong Kong is at Unit B, 10/F, Summit Building, 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong.
- (c) The company secretary of the Company is Kung Hei Ning, who is a fellow member of the Hong Kong Institute of Certified Public Accountants.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The registered office of China Everbright Capital is situated at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong.

- (f) The registered office of LY Capital is situated at Rooms 1901–02, China Insurance Group Building, 141 Des Voeux Road Central, Central, Hong Kong;
- (g) The registered office of Alliance Capital Partners Limited is situated at Unit 318, 3rd Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.
- (h) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese text in case of inconsistency.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection, during the period from 26 January 2016, being the date of this Composite Document for so long as the Offer remains open for acceptance, at (i) the website of the SFC at <http://www.sfc.hk>; (ii) the website of the Company at <http://www.ngachun.com.hk>; and (iii) (during normal business hours from 9:00 a.m. to 5:00 p.m., except for Saturdays, Sundays and public holidays) the office of the Company at Unit B, 10/F, Summit Building, 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong:

- (a) the memorandum and the articles of association of the Offeror;
- (b) the memorandum and the articles of association of the Company;
- (c) the annual report of the Company for the year ended 31 March 2015 which includes audited consolidated accounts of the Company for the two years ended 31 March 2014 and 2015;
- (d) the interim report of the Company for the six months ended 30 September 2015;
- (e) the letter dated 26 January 2016 from the Joint Financial Advisers as set out on pages 6 to 15 of this Composite Document;
- (f) the letter dated 26 January 2016 from the Board as set out on pages 16 to 22 of this Composite Document;
- (g) the letter dated 26 January 2016 from the Independent Board Committee as set out on pages 23 to 24 of this Composite Document;
- (h) the letter dated 26 January 2016 from the Independent Financial Adviser as set out on pages 25 to 41 of this Composite Document;
- (i) the letter of consents referred to under the paragraph headed “Experts and consents” in this Appendix III;
- (j) the material contracts referred to under the paragraph headed “Material contracts” in this Appendix III;

- (k) the service contracts of the Directors as referred to under the paragraph headed “Directors’ service contracts and other interests” in this Appendix III;
- (l) the Sale and Purchase Agreement; and
- (m) this Composite Document and the accompanying Form of Acceptance.