LAI GROUP HOLDING COMPANY LIMITED
禮建德集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8455

SHARE OFFER

Sole Sponsor

FRONTPAGE 富比

Joint Bookrunners and Joint Lead Managers

潮商證券有限公司
ChaoShang Securities Limited

FRONTPAGE 富比

Supreme China Securities Limited
智華證券有限公司

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

Lai Group Holding Company Limited
禮建德集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Number of Offer Shares	:	**200,000,000 Shares**
Number of Placing Shares	:	**180,000,000 Shares (subject to reallocation)**
Number of Public Offer Shares	:	**20,000,000 Shares (subject to reallocation)**
Offer Price	:	**Not more than HK$0.32 per Offer Share and expected to be not less than HK$0.26 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027%, and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal Value	:	**HK$0.01 per Share**
Stock Code	:	**8455**

Sole Sponsor

FRONTPAGE 富比

Frontpage Capital Limited

Joint Bookrunners and Joint Lead Managers

潮商證券有限公司 ChaoShang Securities Limited

FRONTPAGE 富比

Supreme China Securities Limited 智華證券有限公司

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 prospectus, make no representation as to its 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 prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

Prior to making investment decision, prospective investors should consider carefully all of the information set out in this prospectus, more particularly refer to the risk factors set out in the section headed "Risk Factors" of this prospectus.

The Offer Price is currently expected to be fixed by agreement between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, 6 April 2017. The Offer Price will be not more than HK$0.32 and is currently expected to be not less than HK$0.26 unless otherwise announced. If our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price on the Price Determination Date (or such later date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters)), the Share Offer will not become unconditional and will lapse immediately. In such case, an announcement will be made immediately by our Company on the website of the Stock Exchange at *www.hkexnews.hk* and our website at *www.dic.hk*.

The Joint Lead Managers may, with the consent of our Company, reduce the number of Offer Shares in the Share Offer and/or the indicative Offer Price range stated in this prospectus (which is HK$0.26 to HK$0.32 per Offer Share) at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, notices of the reduction in the number of Offer Shares in the Share Offer and/or the indicative Offer Price range will be published on the website of the Stock Exchange at *www.hkexnews.hk* and our Company's website at *www.dic.hk* not later than the morning of the day which is the last day for lodging applications under the Public Offer. If applications for Public Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Public Offer, such applications cannot be subsequently withdrawn even if the number of Offer Shares in the Share Offer and/or the indicative Offer Price range is so reduced.

The obligations of the Public Offer Underwriter under the Public Offer Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Public Offer Shares, are subject to termination by the Joint Lead Managers if certain grounds arise prior to 8:00 a.m. on the day that trading in the Offer Shares commences on the Stock Exchange. Such grounds are set out in the section headed "Underwriting – Underwriting arrangements and expenses – Grounds for termination" of this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

31 March 2017

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

EXPECTED TIMETABLE[Note 1]

If there is any change in the following expected timetable, we will issue an announcement on the website of our Company at ***www.dic.hk*** *and the website of the Stock Exchange at* ***www.hkexnews.hk****.*

Public Offer commences and **WHITE** and **YELLOW** Application Forms available from	9:00 a.m. on Friday, 31 March 2017
Application lists for Public Offer open[Note 2]	11:45 a.m. on Thursday, 6 April 2017
Latest time for lodging **WHITE** and **YELLOW** Application Forms	12:00 noon on Thursday, 6 April 2017
Latest time to give electronic application instructions to HKSCC[Note 3]	12:00 noon on Thursday, 6 April 2017
Application lists for Public Offer close[Note 2]	12:00 noon on Thursday, 6 April 2017
Expected Price Determination Date on or around	Thursday, 6 April 2017
Announcement of the final Offer Price, the level of indication of interest in the Placing, the results of applications and the level and the basis of allocation of the Public Offer Shares to be published in our Company's website at **www.dic.hk** and the website of the Stock Exchange at **www.hkexnews.hk** on or before	Tuesday, 11 April 2017
Announcement of results of allocations in the Public Offer (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels including our Company's website at **www.dic.hk** and the website of the Stock Exchange at **www.hkexnews.hk** (for further details, please see the section headed "How to apply for the Public Offer Shares – 10. Publication of results" of this prospectus) on or before	Tuesday, 11 April 2017
Results of allocations in the Public Offer will be available at **www.tricor.com.hk/ipo/result** with a "search by ID" function on	Tuesday, 11 April 2017

Despatch/collection of refund cheques in respect of wholly or partially unsuccessful applications and wholly or partially successful applications in case the final Offer Price is less than the maximum Offer Price paid for the applications pursuant to the Public Offer on or about(Notes 5 to 9) . . . . . Tuesday, 11 April 2017

Despatch/collection of Share certificates in respect of wholly or partially successful applications pursuant to the Public Offer on or about(Notes 5 to 8) . . . . . Tuesday, 11 April 2017

Dealings in Shares on GEM expected to commence at 9:00 a.m. on . . . . . Wednesday, 12 April 2017

Notes:

1. All times and dates refer to Hong Kong local time, except as otherwise stated. Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and conditions of the Share Offer" of this prospectus.

2. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 6 April 2017, the application lists will not open on that day. For further details, please see the section headed "How to apply for the Public Offer Shares – 9. Effect of bad weather on the opening of the application lists" of this prospectus.

3. Applicants who apply for Public Offer Shares by giving electronic application instructions to HKSCC should refer to the paragraph headed "How to apply for the Public Offer Shares – 5. Applying by giving electronic application instructions to HKSCC via CCASS" of this prospectus.

4. The Price Determination Date is expected to be on or about Thursday, 6 April 2017. If, for any reason, the Offer Price is not agreed on or before Thursday, 6 April 2017 between our Company and the Joint Lead Managers, the Share Offer will not proceed and will lapse accordingly.

5. Share certificates for the Public Offer Shares are expected to be issued on or before Tuesday, 11 April 2017 but will only become valid certificates of title at 8:00 a.m. on Wednesday, 12 April 2017 provided that (a) the Share Offer has become unconditional in all respects; and (b) none of the Underwriting Agreements has been terminated in accordance with its terms.

6. Applicants for 1,000,000 Public Offer Shares or more on **WHITE** Application Form(s) may collect their refund cheques (if applicable) and/or Share certificates (if applicable) personally from our Hong Kong Branch Share Registrar from 9:00 a.m. to 1:00 p.m. on Tuesday, 11 April 2017 or any other day as announced by us as the date of despatch of Share certificates/refund cheques.

   Individuals who are eligible for personal collection must not authorise any other person(s) to make collection on their behalf. Corporate applicants who are eligible for personal collection must attend by their authorised representative(s) bearing a letter of authorisation from such corporation(s) stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar.

7. Applicants for 1,000,000 Public Offer Shares or more on **YELLOW** Application Forms may collect their refund cheques, if any, in person but may not collect their Share certificates personally which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts, as appropriated. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

8. Uncollected Share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant Application Form. For further information, applicants should refer to the section headed "How to apply for the Public Offer Shares – 13. Despatch/collection of share certificates and refund monies" of this prospectus.

9. Refund cheques will be despatched in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the maximum Offer Price of HK$0.32 per Offer Share.

10. Share certificates will only become valid certificates of title provided that the Share Offer has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of their Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

For further details of the structure and conditions of the Share Offer, you should refer to the section headed "Structure and conditions of the Share Offer" of this prospectus.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell of a solicitation of an offer in any other jurisdiction or in any other circumstances.

You should rely only on the information contained in this prospectus to make your investment decision. Our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus.

Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, and any of our/their respective directors, officers, employees, agents or representatives or any other party involved in the Share Offer. The contents on our website at www.dic.hk which is our official website do not form part of this prospectus.

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This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" of this prospectus which you should read carefully before you decide to invest in the Offer Shares.

Overview

Founded in 1996, we have over 20 years' experience in the provision of interior design and fit-out services in Hong Kong. We offer a full suite of services ranging from interior design provided by our in-house design team, whom provide our customers with creative and innovative designs that synergise with the latest market and design trends, to high quality fittings and furnishings and the implementation of our designs performed by our subcontractors that we rely on to complete our projects. For the two financial years ended 31 March 2015 and 2016 and the eight months ended 30 November 2016, the sub-contracting charges accounted for 58.4%, 61.0% and 69.9% of our direct costs. As at the Latest Practicable Date, we provide our services through 5 branches in Hong Kong under our brand "[illegible]". Our business can be classified into (i) residential interior design and fit-out services; and (ii) commercial interior design and fit-out services. During the Track Record Period, we also generated a small portion of revenue from the sale of fit-out materials, such as tiles, flooring and ceramics, sanitary ware, bathroom amenities and accessories, through our Tsuen Wan branch. We recognised revenue from 385 projects, 446 projects and 361 projects for the two years ended 31 March 2015 and 2016 and the eight months ended 30 November 2016, respectively.

The following table below sets forth the breakdown of our Group's revenue by business nature and the number of projects involved during the Track Record Period:

	For the year ended 31 March						For the eight months ended 30 November					
	2015			2016			2015			2016		
	Number of projects	Revenue *HK$'000*	%	Number of projects	Revenue *HK$'000*	%	Number of projects	Revenue *HK$'000*	%	Number of projects	Revenue *HK$'000*	%
Residential interior design and fit-out projects	335	89,798	88.1	391	104,644	88.4	313	69,590	89.1	331	77,993	86.4
Commercial interior design and fit-out projects	50	12,080	11.9	55	13,048	11.0	35	8,069	10.3	30	11,103	12.3
Selling of fit-out materials	–	–	–	–	656	0.6	–	435	0.6	–	1,200	1.3
Total	385	101,878	100.0	446	118,348	100.0	348	78,094	100.0	361	90,296	100.0

We have further broken down our gross profit and gross margin by business nature during the Track Record Period:

	For the year ended 31 March				For the eight months ended 30 November			
	2015		2016		2015		2016	
	Gross profit *HK$'000*	Gross margin *%*	Gross profit *HK$'000*	Gross margin *%*	Gross profit *HK$'000*	Gross margin *%*	Gross profit *HK$'000*	Gross margin *%*
Residential interior design and fit-out projects	28,612	31.9	32,390	31.0	21,855	31.4	22,568	28.9
Commercial interior design and fit-out projects	2,327	19.3	2,557	19.6	1,886	23.4	2,647	23.8
Selling of fit-out materials	–	–	195	29.7	125	28.7	347	28.9
Total	30,939	30.4	35,142	29.7	23,866	30.6	25,562	28.3

The following table sets out the details of our projects in progress as at 30 November 2016:

	Number of projects	Total contract sum *HK$'000*	Percentage *%*	Amount recognised during the Track Record Period *HK$'000*	Amount to be recognised in the four months ending 31 March 2017 *HK$'000*
Residential interior design and fit-out projects	62	52,264	90.8	28,051	24,213
Commercial interior design and fit-out projects	2	5,326	9.2	4,221	1,105
Total	64	57,590	100.0	32,272	25,318

The table below sets forth the details of the branches operated by our Group during the Track Record Period and up to the Latest Practicable Date:

Locations of our branches	Commencement of operation	Cessation of operation
Hong Kong Island		
17th Floor, Chuang's Enterprises Building, No. 382 Lockhard Road, Wan Chai	July 2008	May 2016
Rooms 904 and 905, 9th Floor, Siu On Centre, No. 188 Lockhart Road, Wan Chai	May 2016	–
Kowloon		
Units 1 and 2, 8th Floor, One Mong Kok Road Commercial Centre, No. 1 Mong Kok Road, Mong Kok	November 2007	–
Unit No. 2905, 29/F, Prosperity Place No. 6 Shing Yip Street, Kwun Tong	May 2016	–
New Territories		
Shop Unit 616, Citylink Plaza, Sha Tin	June 2009	May 2016
Office H, 19/F, Kings Wing Plaza 1, No. 3 On Kwan Street, Shek Mun, Sha Tin	June 2016	–
Workshop C2, 10th Floor, TML Tower, No. 3 Hoi Shing Road, Tsuen Wan	March 2015	–

For details of our branches, please refer to the section headed "Business – Properties" to this prospectus.

Customers and suppliers

Most of our customers in respect of residential property projects are new customers who were either attracted by our advertisements or referred by our existing or old customers. Our largest customer accounted for approximately 3.2%, 3.3% and 5.1% of our revenue for the years ended 31 March 2015 and 2016 and the eight months ended 30 November 2016, respectively. Our five largest customers contributed in aggregate 11.4%, 11.0% and 17.9% of our revenue for the years ended 31 March 2015 and 2016 and the eight months ended 30 November 2016, respectively. We do not have any long-term contracts with our customers and our contracts are entered into on a project-by-project basis.

Our suppliers are broadly categorised into (i) subcontractors; and (ii) fit-out material suppliers. During the Track Record Period, services provided from our top five subcontractors during the Track Record Period accounted for approximately 24.2%, 20.6% and 31.3% of our total direct costs, respectively. During the Track Record Period, fit-out materials provided by our top five material suppliers accounted for approximately 17.7%, 17.4% and 11.7% of our total direct costs, respectively. For details of our customers and suppliers, please refer to the sections headed "Business – Customers" and "Business – Suppliers" in this prospectus.

Pricing Strategy

We rely on a cost-plus pricing model for our pricing strategy. We generally take into the consideration of the scale, complexity and specifications of each project, as well as the estimated subcontractors' inputs and corresponding costs and the price trend of materials cost to determine the approximate costs of the whole projects. We then mark those costs up by a profit margin that we believe is sufficient for us to earn a reasonable profit and also generate a sufficient buffer in case of any differences arise from our estimated costs. In determining our margin, we also consider our capacity, estimated duration of the works, risk associated with and difficulty of the works and the competitive conditions of the market. In certain cases, we offer discounts to our customers at a rate of not more than 10% of the total contract sum.

Competitive landscape

We operate in the interior design and fit-out industry in Hong Kong. According to the Euromonitor Report, no single market leader could shape this industry, owing to highly fragmented nature of the industry. Based on data provided by us and Euromonitor's own industry estimates, our Group's revenue accounts for around approximately 2.7% of Hong Kong's residential interior design and fit-out services market in the year of 2015.

Competitive strengths

We believe that the following competitive strengths have contributed to our success and growth since the establishment of our Group:

- an established brand with long history;
- a network of strategic business locations throughout Hong Kong;
- one-stop integrated interior design and fit-out solutions;
- a strong, experienced and competent management team; and
- good relationship with our subcontractors.

Business strategies

We believe that the following strategies are able to allow us to achieve sustainable growth in the interior design and fit-out services industry in Hong Kong:

- strengthen our market position in Hong Kong by improving our coverage;
- promote our brand, improve brand recognition and strengthen our marketing efforts; and
- continue to enhance our internal training and recruit talents to support our future growth.

Risk factors

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We believe the more significant risks relating to our business are as follows:

- we have recorded negative operating cashflows in 2016;
- we have net current liabilities as at 30 November 2016 and may experience net current liabilities position in the future;
- we intend to apply part of the net proceeds from the Share Offer to acquire office premises, the value of which may possibly depreciate, and the acquisition may impair our return on total assets, return on equity, Shareholders' investment return and valuation of our Company;
- due to our business nature, our customers do not engage us on a recurring basis and may only engage us after a prolonged period of time;
- we rely on our ability to successfully meet our customers' preferences by delivering our integrated interior design solutions in a timely manner;
- we rely on our Board members and senior management team in our business operation; and
- we rely on our subcontractors to complete our projects and we may become liable for their defaults or non-compliance of laws and regulations.

The above risks are not the only significant risks and you should read the section headed "Risk Factors" in this prospectus carefully.

Connected transaction

Prior to the Listing, our Group has entered into various transactions with Mr. Chan and his associates during the Track Record Period to lease some properties currently used as branches or storage room. Some of these transactions will continue after the Listing and constitute continuing connected transactions (as defined under the GEM Listing Rules) of our Company, which are exempted from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

On 1 April 2016, our Group entered into a framework property agreement to use properties leased by the connected persons of our Group as branches or storage room. For details of the abovementioned exempt continuing connected transactions, please refer to the section headed "Connected Transactions" to this prospectus.

Summary financial and operating information

Our combined financial information has been prepared in accordance with HKFRSs. The following tables present our summary combined financial information for the years ended 31 March 2015 and 2016 and the eight months ended 30 November 2016. This summary has been derived from our combined financial information set forth in the Accountants' Report in Appendix I and our unaudited combined financial information set forth in Appendix II to this prospectus. You should read this summary in conjunction with our combined financial information included in the Accountants' Report in Appendix I and

our unaudited combined financial information set forth in Appendix II to this prospectus, including the accompanying notes, and the information set forth in the section headed "Financial Information" to this prospectus.

Combined statements of profit or loss and other comprehensive income

	For the year ended 31 March		For the eight months ended 30 November	
	2015	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Revenue	101,878	118,348	78,094	90,296
Direct costs	(70,939)	(83,206)	(54,228)	(64,734)
Gross profit	30,939	35,142	23,866	25,562
Other income and gain	–	21	20	5
Administrative and other operating expenses	(16,862)	(23,538)	(13,947)	(18,010)
Operating profit	14,077	11,625	9,939	7,557
Finance costs	(25)	(50)	(29)	(29)
Profit before income tax	14,052	11,575	9,910	7,528
Income tax expense	(2,108)	(2,383)	(1,698)	(1,743)
Profit and total comprehensive income for the year/period	11,944	9,192	8,212	5,785
Profit and total comprehensive income for the year/period attributable to:				
Owners of the Company	11,968	8,987	8,077	5,134
Non-controlling interests	(24)	205	135	651
	11,944	9,192	8,212	5,785

Summary combined statements of financial position

	As at 31 March		As at 30 November
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets	1,210	2,102	12,712
Current assets	32,612	34,351	27,223
Total assets	33,822	36,453	39,935
Non-current liabilities	423	805	619
Current liabilities	25,388	18,445	32,328
Total liabilities	25,811	19,250	32,947
Total equity	8,011	17,203	6,988

Summary combined statements of cash flows

	For the year ended 31 March		For the eight months ended 30 November	
	2015	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Operating profit before working capital changes	15,541	13,011	10,886	8,436
Net cash generated from/(used in) operating activities	2,632	(3,110)	(857)	18,216
Net cash used in investing activities	(311)	(563)	(479)	(1,585)
Net cash used in financing activities	(735)	(280)	(183)	(226)
Net increase/(decrease) in cash and cash equivalents	1,586	(3,953)	(1,519)	16,405
Cash and cash equivalents at beginning of the year/period	4,816	6,402	6,402	2,449
Cash and cash equivalents at the end of the year/period	6,402	2,449	4,883	18,854

We recorded a cash outflow from operating activities for the year ended 31 March 2016, which was mainly due to (i) the cash advance to Mr. Chan, our Director, of approximately HK$13,086,000 for his personal use; (ii) the decrease in gross amounts due to customers for contract work of approximately HK$6,274,000; and (iii) the payments of Hong Kong profits tax of approximately HK$3,590,000. For details, please refer to the paragraph headed "Liquidity and capital resources – Net cash generated from/(used in) operating activities" in the section headed "Financial Information" to this prospectus.

Key financial and operating data

The following table sets forth certain key indicators of our profitability for the periods indicated:

	For the year ended 31 March		For the eight months ended 30 November
	2015	**2016**	**2016**
Gross margin *(note 1)*	30.4%	29.7%	28.3%
Net profit margin *(note 2)*	11.7%	7.6%	5.7%
Return on equity *(note 3)*	148.9%	52.8%	124.8%
Return on total assets *(note 4)*	35.4%	24.7%	19.2%

Notes:

1. Gross margin is calculated by dividing our revenue minus direct costs for the respective year/period by our revenue for the same year/period, and multiplying the result by 100%.

2. Net profit margin is calculated by dividing our profit attributable to owners of our Company for the respective year/period by our revenue for the same year/period, and multiplying the result by 100%.

3. Return on equity is calculated based on our profit attributable to owners of our Company for the respective year/period divided by our total equity attributable to owners of our Company as at the end of the respective period, multiplied by 100% for each of the years ended 31 March 2015 and 2016, or multiplied by 365/244 and the resulting value by 100% for the eight months ended 30 November 2016.

4. Return on total assets is calculated based on the profit attributable to owners of our Company for the respective year/period divided by our total assets at the end of the respective period, multiplied by 100% for each of the years ended 31 March 2015 and 2016, or multiplied by 365/244 and the resulting value by 100% for the eight months ended 30 November 2016.

Controlling Shareholders

Immediately upon completion of the Share Offer, Mr. Chan and Chun Wah will become our Controlling Shareholders and hold approximately 75% of total issued Shares. For details regarding the shareholding interests of our Controlling Shareholders, please refer to the section headed "Substantial Shareholders" in this prospectus.

Controlling Shareholders' long-term commitment to our Group

In order to demonstrate their long-term commitment to our Group, our Controlling Shareholders voluntarily undertake to the our Company that it and he shall not at any time during the 24-month period following the Listing Date (the first 12 months of which is required under Rule 13.16A of the GEM Listing Rules while the second 12 months of which is provided to our Company voluntarily by the Controlling Shareholders and can only be waived by the approval of majority of the independent Shareholders), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it or he is shown by this prospectus to be the beneficial owner if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interest or encumbrances, he/it would cease to be a Controlling Shareholder. Such voluntary lock-up period is beyond the general requirement stated in Rule 13.16A(1)(b) of the GEM Listing Rules. For details of the undertaking, please refer to the sections headed "Lock-up undertaking by our Controlling

Shareholders" in section headed "Relationship with our Controlling Shareholders" and "Voluntary lock-up undertakings by our Controlling Shareholders" in the section headed "Underwriting" in this prospectus.

Retained earnings

As at 1 April 2014, our Group had accumulated losses amounting to approximately HK$4,034,000. Our accumulated losses can be traced back to 2003, when our scale of business was a few times smaller than the current level. Since 2003, our Group experienced 3 few major setbacks that resulted in significant losses to our Group, namely the outbreak of severe acute respiratory syndrome in Hong Kong in late 2003, the global financial crises that began in 2007 and the introduction of property market cooling measures for the first time in Hong Kong in late 2010. We have been profitable for financial years ended 31 March 2006 and 2010, and since 31 March 2013. During the Track Record Period, we increased our marketing effort by increasing our advertising and related expenses, and through years of marketing efforts, the DDC brand has gained recognition in Hong Kong. In 2015, our Group was awarded the "2015 TVB Weekly Brand Award" for being the most popular interior design company. Our designs have also been showcased on several television programmes, providing interior design insights and ideas. The recognition of our brand had boosted our business growth and flexibility in our pricing as it provides assurance and confidence as to our quality and services to our customers. In addition, we have managed our cost better during the Track Record Period by adopting series of stringent cost control measures, such as (i) gradually migrating our outlets from large premises in shopping mall to small premises in commercial buildings; (ii) implementing policies on monitoring subcontracting charges and material costs by devoting more efforts in comparing quotations from multiple subcontractors and suppliers for sizable projects and costly items; (iii) adopting better cost control measures over our fixed costs, including remuneration and benefits to our employees; and (iv) upgrading an information management system, which we utilised it to better monitor the progress and profitability of our projects. As a result, our Group was able to achieve significant improvements in our financial performance during the Track Record Period. Our Directors are of the view that our Group is now capable of withstanding major market disruption, including the latest round of property stamp duty increase introduced in November 2016.

Recent business development

We recorded an unaudited revenue of approximately HK$28,230,000 for the period between 1 December 2016 and 31 January 2017. Our Group had net current liabilities of approximately HK$5,105,000 as at 30 November 2016 and had net current liabilities of approximately HK$1,937,000 as at 31 January 2017. Please refer to paragraph headed "Net current assets/(liabilities)" in the section headed "Financial Information" to this prospectus for details.

During the month ended 31 December 2016, we have secured 36 new orders from our customers with total contract sum amounted to approximately HK$11,726,000, representing a growth of approximately 21.2% in term of contract sum of new orders signed over the corresponding period in the prior year.

Apart from the disclosure of our recent development and in the paragraph headed "Listing expenses" below, our Directors have confirmed that there is no event which could materially affect the information shown in our combined financial statements included in the Accountants' Report set forth in Appendix I to this prospectus since 30 November 2016, and as of the date of this prospectus there has been no material adverse change in our financial or trading position or prospect.

Listing expenses

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Share Offer. Based on the mid-point of the indicative price range sets out in this prospectus, we estimate that our Listing expenses will be approximately HK$17,525,000, of which approximately HK$5,821,000 is directly attributable to the issue of Offer Shares and will be capitalised and deducted from equity for the year ending 31 March 2017, approximately HK$2,983,000 has been expensed for the year ended 31 March 2016, and approximately HK$8,721,000 is expected to be expensed in the year ending 31 March 2017.

Future plans and use of proceeds

On the basis that the Offer Price is HK$0.29 (being the mid-point of the indicative range of the Offer Price range of HK$0.26 to HK$0.32), our Directors estimate that the net proceeds to be received by us from the Share Offer (after deducting underwriting fees, brokerage and the estimated listing expenses in connection with the Share Offer) will be approximately HK$40,475,000. Our Directors presently intend that the net proceeds payable to us from the Share Offer will be applied for the period from the Latest Practicable Date to 30 September 2019 as illustrated in the following table:

	From Latest Practicable Date to 30 September 2017	For the six months ending 31 March 2018	For the six months ending 30 September 2018	For the six months ending 31 March 2019	For the six months ending 30 September 2019	Total	Approximate percentage of net proceeds
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*%*
Expansion of market coverage in Hong Kong	9,000	–	–	2,000	12,000	**23,000**	56.8
Strengthen sales and marketing efforts	1,200	900	800	900	800	**4,600**	11.4
Recruiting high caliber talent and enhance internal training to support future growth	790	910	1,000	1,100	1,700	**5,500**	13.6
Upgrading information systems	200	400	900	400	400	**2,300**	5.7
Development of fleet of vehicles	600	600	600	600	600	**3,000**	7.4
General working capital	415	415	415	415	415	**2,075**	5.1
	12,205	3,225	3,715	5,415	15,915	**40,475**	100.0

Please refer to the section headed "Business Objectives and Future Plans" to this prospectus for details.

Dividend and distributive reserves

We did not declare any dividends to our then Shareholders for the financial years of 2015 and 2016. On 5 April 2016, we declared a dividend of HK$16,000,000 to the then shareholder of Smart Will, Mr. Chan, which was used to offset partially the amount due from him.

We do not currently have any fixed dividend policy and our Company does not have any predetermined dividend payout ratio. The payment and the amount of any future dividends will be at the discretion of our Directors and will depend on the future operations and earnings, capital requirements and surplus, general financial condition and other factors that our Directors deem relevant.

Any declaration and payment as well as the amount of dividends will be subject to the Articles of Association and the Companies Law. Dividends may be paid out of our Company's distributable profits as permitted under the relevant laws.

For further information on our dividend policy, please refer to the paragraph headed "Dividend and distributive reserves" in the section headed "Financial Information" to this prospectus.

Share Offer Statistics

Market capitalisation at Listing *(Note 1)*	:	HK$208.0 million to HK$256.0 million
Offer size	:	25.0% of the enlarged issued share capital of the Company
Offer Price per Offer Share	:	HK$0.26 to HK$0.32
Number of Offer Shares	:	200,000,000 new Shares
Number of Placing Share	:	180,000,000 new Shares (subject to reallocation)
Number of Public Offer Share	:	20,000,000 new Shares (subject to reallocation)
Board lot	:	10,000 Shares
Unaudited pro forma adjusted net tangible assets per Share *(Note 2)*	:	HK$0.06 based on a Offer Price of HK$0.26 per Offer Share; and HK$0.07 based on a Offer Price of HK$0.32 per Offer Share

Notes:

1. The calculation of the market capitalisation of the Shares is based on 800,000,000 Shares in issue immediately after completion of the Share Offer.

2. The unaudited pro forma adjusted net tangible assets per Share has been arrived at after the adjustments referred to under the paragraph headed "Unaudited pro forma adjusted net tangible assets" in the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus and on the basis of 800,000,000 Shares in issue at the respective Offer Prices of HK$0.26 and HK$0.32 per Share immediately following completion of the Share Offer.

In this prospectus, the following terms shall have the meanings set forth below unless the context otherwise requires.

"Accountants' Report"	the accountants' report of our Group for the Track Record Period as set out in Appendix I to this prospectus
"Application Form(s)"	**WHITE** Application Form(s) and **YELLOW** Application Form(s) or where the context requires, any of them, relating to the Public Offer
"affiliate"	any other person, directly or indirectly, controlling or controlled by under direct or indirect common control with such specified person
"Articles of Association" or "Articles"	the articles of association of our Company adopted on 24 March 2017 and which will become effective upon the Listing, as amended from time to time, a summary of which is set out in the section headed "Summary of the Constitution of Our Company and Cayman Islands Company Law" in Appendix IV to this prospectus
"Audit Committee"	the audit committee of our Board
"Best Famous"	Best Famous Engineering Limited (佳名工程有限公司), a company incorporated in Hong Kong with limited liability on 8 January 2008, which shall be an indirect wholly-owned subsidiary of the Company upon completion of the Reorganisation
"Board"	the board of Directors
"Building Authority"	the Director of Buildings and the head of the Buildings Department under the Buildings Ordinance
"Buildings Department"	Buildings Department of the Hong Kong government, which provides services to owners and occupants in both existing and new buildings in the private sector through the enforcement of the Buildings Ordinance
"Buildings Ordinance"	the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Business Day"	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant, who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Chairman"	the chairman of the Board, namely Mr. Chan
"ChaoShang Securities"	ChaoShang Securities Limited, a licensed corporation for carrying on type 1 (dealing in securities) regulated activity under the SFO
"China" or "PRC"	the People's Republic of China which, for the purposes of this prospectus only, exclude Hong Kong, Macau and Taiwan
"Chun Wah"	Chun Wah Limited (駿華有限公司), a company incorporated in the Seychelles with limited liability on 12 October 2015 and is wholly-owned by Mr. Chan
"Code"	the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules
"Companies Law"	the Companies Law (as revised) of the Cayman Islands, as amended or supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Company" or "our Company"	Lai Group Holding Company Limited（禮建德集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 17 February 2016 and, except where the context otherwise requires, all of its subsidiaries or, where the context refers to the time before it became the holding company thereof, the Company's present subsidiaries
"Controlling Shareholder(s)"	has the meaning ascribed to it under the GEM Listing Rules and, in the context of this prospectus, means the controlling shareholder(s) of our Company, namely Mr. Chan and Chun Wah
"Deed of Indemnity"	the deed of indemnity dated 24 March 2017 executed by our Controlling Shareholders in favour of our Company, the particulars of which are set out in the section headed "Statutory and general information – Other information – Tax and other indemnities" in Appendix V to this prospectus
"Deed of Non-competition"	the deed of non-competition dated 24 March 2017 executed by our Controlling Shareholders in favour of our Company, particulars of which are set out in the section headed "Relationship with our controlling shareholders – Non-competition undertakings" to this prospectus
"Director(s)"	the director(s) of our Company
"Electrical and Mechanical Services Department"	Electrical and Mechanical Services Department of the Hong Kong government
"Euromonitor International"	Euromonitor International Limited, an independent market researcher commissioned by us for preparing the Euromonitor Report
"Euromonitor Report"	the market research report prepared by Euromonitor International on the residential interior design and fit-out services in Hong Kong as commissioned by us, an extract of which is set forth in the section headed "Industry Overview" to this prospectus
"Fame Protector"	Fame Protector Limited, a company incorporated in the Seychelles with limited liability on 4 January 2016 which shall be an indirect wholly-owned subsidiary of the Company upon completion of the Reorganisation

"Frontpage Capital" or "Sole Sponsor" or "Public Offer Underwriter"	Frontpage Capital Limited, a licensed corporation for carrying on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the sole sponsor of the Listing, a Joint Bookrunner and a Joint Lead Manager of the Share Offer
"GEM"	The Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Globe Sense"	Globe Sense Limited (豪迅有限公司), a company incorporated in Hong Kong with limited liability on 23 May 1996, which shall be an indirect wholly-owned subsidiary of the Company upon completion of the Reorganisation
"Group", "our Group", "we" or "us"	our Company and its subsidiaries or, where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"HK$" or "Hong Kong Dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRSs"	Hong Kong Financial Reporting Standards (including Hong Kong Accounting Standards, amendments and interpretations) issued by HKICPA
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of the Hong Kong Exchanges and Clearing Limited
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited

"Independent Third Party(ies)"	person(s) or company(ies) which is or are independent of and not connected with (within the meaning of the GEM Listing Rules) any of the Directors, the chief executive officer or substantial shareholder(s) of our Company or any of its subsidiaries or any of their respective associate(s)
"Joint Bookrunners" or "Joint Lead Managers"	Frontpage Capital Limited, Supreme China Securities Limited and ChaoShang Securities Limited
"Kingsky Group"	Kingsky Group Limited (景天集團有限公司), a company incorporated in the Seychelles with limited liability on 12 October 2015, which shall be a direct wholly-owned subsidiary of the Company upon completion of the Reorganisation
"Latest Practicable Date"	21 March 2017, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained herein
"Listing"	the listing of the Shares on GEM
"Listing Date"	the date on which dealings in the Shares on GEM first commence
"Listing Division"	the listing division of the Stock Exchange
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company as currently adopted
"MOP"	Macanese Pataca, the lawful currency of Macau
"Mr. Chan"	Mr. Chan Lai Sin (陳禮善), our founder, an executive Director and Controlling Shareholder and our Chairman
"Mr. Lui"	Mr. Lui Tun Yun (呂敦潤), a shareholder holding 25.0% interests in and a director of New Base
"Ms. Wong"	Ms. Wong Ting Nuen (黃庭暖), the spouse of Mr. Chan

"New Base"	New Base Enterprises Limited (龍基企業有限公司), a company incorporated in Hong Kong with limited liability on 5 August 2014, which shall be an indirect non-wholly-owned subsidiary of the Company upon completion of the Reorganisation
"Nomination Committee"	the nomination committee of our Board
"Offer Price"	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of HK$0.005%), at which Offer Shares are to be subscribed, to be determined in the manner further described in the section headed "Structure and Conditions of the Share Offer – Offer Price" of this prospectus
"Offer Share(s)"	the Public Offer Share(s) and the Placing Share(s), collectively
"Placing"	the conditional placing of the Placing Shares by the Placing Underwriters, as further described in the section headed "Structure and Conditions of the Share Offer" to this prospectus
"Placing Shares"	the 180,000,000 new Shares initially offered by our Company for subscription at the Offer Price under the Placing, subject to reallocation as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Placing Underwriters"	the underwriters of the Placing that are expected to enter into the Placing Underwriting Agreement
"Placing Underwriting Agreement"	the underwriting agreement dated 3 April 2017 by, among others, our Company, our executive Directors, the Controlling Shareholders, the Joint Lead Managers and the Placing Underwriters in respect of the Placing, as further described in the section headed "Underwriting – Underwriting arrangements and expenses – Placing" of this prospectus
"Predecessor Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) prior to its repeal and replacement on 3 March 2014 by the Companies Ordinance and the Company (Winding Up and Miscellaneous Provisions) Ordinance

"Price Determination Agreement"	the agreement to be entered into by the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or around Thursday, 6 April 2017 on which the Offer Price is fixed by our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) for the purpose of the Share Offer
"Public Offer"	the conditional offer to the public in Hong Kong for subscription of the Public Offer Shares at the Offer Price, on and subject to the terms and conditions stated in this prospectus and in the Application Forms, as further described in the section headed "Structure and Conditions of the Share Offer" of this prospectus and the related Application Forms
"Public Offer Shares"	the 20,000,000 new Shares initially offered by our Company for subscription at the Offer Price under the Public Offer, subject to reallocation as detailed in the section headed "Structure and Conditions of the Share Offer" of this prospectus
"Public Offer Underwriting Agreement"	the underwriting agreement dated 29 March 2017 relating to the Public Offer and entered into by, among others, our Company, our executive Directors, the Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriter, as further described in the section headed "Underwriting – Underwriting arrangements and expenses – The Public Offer – Public Offer Underwriting Agreement" of this prospectus
"Regulation S"	the Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of our Board
"Reorganisation"	the corporate reorganisation of our Group in preparation for the Listing as described in the section headed "History, Development and Reorganisation – Reorganisation" in this prospectus

"Repurchase Mandate"	the general unconditional mandate to repurchase Shares given to our Directors by our Shareholders, further details of which are contained in the section headed "Further Information about our Company – A. Further information about our Company – 6. Repurchase of Share by our Company" in Appendix V to this prospectus
"Seychelles"	the Republic of Seychelles
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) with nominal value of HK$0.01 each in the share capital of our Company
"Share Offer"	the Public Offer and the Placing
"Shareholder(s)"	holder(s) of the Share(s)
"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 24 March 2017, a summary of the principal terms and conditions of which is set forth in the section headed "Statutory and General Information – Share option scheme" in Appendix V to this prospectus
"Smart Will"	Smart Will Engineering Limited (駿志工程有限公司), a company incorporated in Hong Kong with limited liability on 10 December 2003, which shall be an indirect wholly-owned subsidiary of the Company upon completion of the Reorganisation
"Smart Will (Macau)"	Smart Will Engineering (Macau) Company Limited (駿志工程(澳門)有限公司), a company incorporated under the laws of Macau with limited liability on 29 November 2004 and owned as to 96% and 4% by Ms. Wai Tsui Ping and Mr. Wong Yin Fai, each being an Independent Third Party, respectively
"sq.ft."	square feet
"sq.m."	square meter(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"subsidiary(ies)"	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies (Winding Up and Miscellaneous Provisions Ordinance)) of our Company
"Takeovers Code"	The Codes or Takeovers and Mergers and Share Repurchases as amended supplemented or otherwise modified from time to time
"Track Record Period"	the period comprising the two financial years ended 31 March 2015 and 2016 and the eight months ended 30 November 2016
"Underwriters"	the underwriters of the Share Offer, whose names are set out in the section headed "Underwriting – Underwriters" in this prospectus
"Underwriting Agreements"	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement, collectively
"US" or "U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$" or "US Dollars"	United States dollars, the lawful currency of the United States
"US Securities Act"	the United Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
"%"	per cent.
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant's/applicants' own name(s)
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS

Unless otherwise expressly stated or the context otherwise requires, all data in this prospectus is as at the Latest Practicable Date.

In this prospectus, the terms "associates", "close associates", "connected person", "connected transaction", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the GEM Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown in totals in certain tables may not be the arithmetic aggregation of the figures preceding them.

This glossary contains explanations of certain technical terms, definitions and abbreviations used in this prospectus in connection with our Group and our business. The terms and their meanings may not correspond to standard industry meaning or usage of those terms.

"CAGR"	compound annual growth rate
"Green Card(s)"	Construction Industry Safety Training Certificate
"ISO"	International Organisation for Standardisation standards, for quality management which ensures an organisation's products conform to customer requirements and applicable statutory and regulatory standards and which sets requirements for what an organisation must do to manage processes influencing product quality
"ISO 9001:2008"	a standard of the ISO 9000 quality management series published by ISO, which specifies the requirements for a quality management system of an organisation to consistently provide products that meet customer requirements and applicable statutory and regulatory standards
"ISO 14001:2004"	a standard of the ISO 14000 environmental management series published by ISO, which specifies the requirements for an environmental management system of an organisation
"OHSAS"	Occupational Health and Safety Assessment Specification, an international assessment specification for occupational health and safety management systems, issued by the Occupational Health and Safety Advisory Services
"OHSAS 18001:2007"	a standard of the OHSAS 18000 occupational health and safety management series, which specifies the requirements for the control of occupational health and safety risks associated with an organisation

This prospectus contains forward-looking statements including, without limitation, words and expressions such as "anticipate", "believe", "could", "expect", "going forward", "intend", may", "plan", "seek", "will", "would" or similar words or statements, in particular, in the sections headed "Business" and "Financial Information" of this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

These statements are based on various assumptions regarding our present and future business strategy and the environment in which we will operate in the future. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions including the risk factors described in this prospectus and the following:

- our business and operating strategies and the various measures to implement such strategies;
- our dividend policy;
- our operations and business prospects, including development plans for its existing and new businesses;
- the future competitive environment for the industries in which we operate;
- the regulatory environment as well as the general industry outlook for the industries in which we operate;
- future developments in the industries in which we operate;
- the effects of the global financial markets and economic crisis; and
- other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations and the GEM Listing Rules, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section. In this prospectus, unless otherwise stated, statements of or references to our intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

Prospective investor should consider carefully all the information set forth in this prospectus and, in particular, should consider the following risks and special considerations in connected with an investment in our Company before making any investment decision in relation to the Share Offer. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and future prospects of our Group.

This prospectus contains certain forward-looking statements regarding our plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group actual results could differ materially from those discussed in this prospectus. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this prospectus. The trading price of the Offer Shares could decline due to any of these risks, and you may lose all or part of your investment.

We believe that there are certain risks involved in our business and operations. They can be classified into: (i) risks relating to our business; (ii) risks relating to the industry in which we operate; (iii) risks relating to the Share Offer; and (iv) risks relating to statements made in this prospectus.

RISKS RELATING TO OUR BUSINESS

We have recorded negative operating cashflows in 2016

Our Group recorded net cash used in operating activities of approximately HK$3,110,000 for the year ended 31 March 2016. The decrease in cash flow from operating activities as compared to the year ended 31 March 2015 was primarily due to the increase in amount due from Mr. Chan.

In the event that we are unable to generate sufficient cashflow for our operations or otherwise unable to obtain sufficient funds to finance our business, our liquidity and financial condition may be materially and adversely affected. We cannot give assurance that we will have sufficient cash from other sources to fund our operations.

We have net current liabilities as at 30 November 2016 and may experience net current liabilities position in the future

We have recorded net current liabilities of approximately HK$5,105,000 as at 30 November 2016. Our net current liabilities position was primarily attributable to the declaration of HK$16,000,000 in dividends on 5 April 2016 and the assignment of a property in Shek Mun by Mr. Chan as repayments of amount owing from Mr. Chan. For further details, please refer to the section headed "Financial Information – Net Current Assets/(Liabilities) – Amount due from a director" in this prospectus.

We cannot assure you that we will not have net current liabilities position in the future. A net current liabilities position would expose us to liquidity risks, if we are unable to refinance certain loans when they become due. There can be no assurance that we will always be able to obtain the necessary funding to refinance our borrowings upon maturity or to obtain new borrowings to finance our operations or capital commitments. If we were

unable to refinance such borrowings when due or obtain sufficient borrowings to finance our operations, our business, liquidity, financial condition, results of operations and prospects could be materially and adversely affected.

We intend to apply part of the net proceeds from the Share Offer to acquire office premises, the value of which may possibly depreciate, and the acquisition may impair our return on total assets, return on equity, Shareholders' investment return and valuation of our Company

During the Track Record Period and as at the Latest Practicable Date, we entered into various tenancy agreements for our offices, workshop and storage room. Please refer to the section headed "Business – Properties" for details.

To cater for the expansion of our business, we plan to strengthen our market position by improving our business coverage in Hong Kong. In addition, some tenancy agreements for our office premises (such as our office at TML Tower in Tsuen Wan) will expire in 2017. We plan to apply approximately HK$23,000,000 or approximately 54.4% of the net proceeds from the Share Offer based on the mid-point of the Offer Price range for the acquisition and fitting-out of two office premises in Tsuen Wan and Quarry Bay of around 1,000 sq. ft. each within 30 months following the Listing.

However, there is no guarantee that purchase of offices will become profitable to our Group. For instance, the transacted price is at the peak of a commercial property market cycle and subsequent downward adjustment of market price may be quick and substantial. In such circumstances, an impairment on the carrying amount of the premises may be necessary and may result in a material adverse effect to our financial results. In addition, after the acquisition of the office premises, its carrying amount may represent a substantial proportion of our total assets and the depreciation of the value of the office premises may also adversely affect the valuation of our Company, which in turn will impair Shareholders' investment return.

Furthermore, by utilising the net proceeds to acquire new office premises, our Group may have to give up other available investment options that could yield higher investment returns due to limited funds. With the new capital from the Share Offer which will enlarge our assets base and equity base, the returns on equity and assets contributed by the abovementioned rental savings will be less likely to reach the same level of our historical return on equity and return on total assets during the Track Record Period. As such, following the Listing, our return on total assets and return on equity are likely to be lowered.

Due to our business nature, our customers do not engage us on a recurring basis and may only engage us again after a prolonged period of time and to their entire discretion

Our engagements with our customers are on a project-by-project basis and we have not entered into any long-term agreement or master service agreement with our customers. After completion of our projects, our customers are not obliged to engage us again for subsequent projects. As such, our revenue derived from our projects is generally not recurring in nature. In addition, we cannot assure you that our existing customers will award new projects to us

and there is no guarantee that we would be able to maintain our business relationships with our existing customers. In the event that we are unable to attract new customers or secure new projects from our existing and former customers, there may be a significant decrease in our revenue which may adversely affect our operation and financial results.

Any deterioration in the prevailing real estate market conditions may adversely affect our performance and financial condition

During the Track Record Period, all our business operations are located in Hong Kong. Our customers are generally owners or tenants of residential and commercial properties in Hong Kong. The number of projects awarded to us to certain extent depends on the prevailing market conditions in the real estate market, including the trend of property price; the property market cooling measures implemented by the Hong Kong government; economic fluctuations in Hong Kong, availability of properties launched by the property developers; and general conditions and development of Hong Kong economy. If there is any significant deterioration in any of these factors, our operating results and financial conditions could be adversely affected. For further details, please refer to the section headed "Industry Overview".

We rely on our ability to successfully meet our customers' preferences by delivering our integrated interior design solutions in a timely manner

Our Directors believe that our success is attributable to our ability to anticipate and capture market trends in design and meet our customers' demands in a timely manner. Given the highly subjective nature of the preferences of customers in the interior design business, which may vary from individual to individual, and rapid changes in interior design market trends, there is no assurance that we can effectively anticipate, capture or respond to our customers' preferences and introduce appealing and commercially viable designs or complete in a timely manner. Our business and results of operations may be adversely affected as a result.

We rely on our Board members and senior management team in our business operation

The success of our business has been, and will continue to be, heavily dependent upon the continuing service of our executive Directors and senior management team. In particular, we rely on the expertise and experience of Mr. Chan, our Chairman, executive Director and Controlling Shareholder, Ms. So and Mr. Hung, our executive Directors, and Mr. Siu, our chief executive officer. Their in-depth knowledge, experience and understanding on the preference of our customers is the key to our success. Please refer to the section headed "Directors, Senior Management and Employees" for the expertise and experience of Mr. Chan, Ms. So, Mr. Hung and Mr. Siu. If one or more of our executive Directors or members of senior management depart from their present positions, we might not be able to replace them in a timely manner, or at all. Our business may, as a result, be severely disrupted and our financial condition and operating results may materially and adversely be affected.

Our profit may be substantially reduced if there are changes in our material costs and increases in the cost may materially affect our business operations

We procure various materials, such as custom-made furnishing, raw materials, ceiling, wall and flooring, for our businesses. Material costs is one of our director costs, which amounted to approximately HK$22,145,000, HK$23,864,000 and HK$13,920,000 or approximately 31.2%, 28.7% and 21.5% of our direct costs for the years ended 31 March 2015 and 2016 and the eight months ended 30 November 2016, respectively. We prepare our quotation based on our estimated project costs (which include material costs) plus a mark-up margin at the time when we submit our preliminary proposals to our potential customers. However, the actual material costs will not be finalised until we have entered into formal agreements with our suppliers throughout the execution stage and up to the completion of the relevant fitting-out or renovation projects. We cannot assure you that there will not be any fluctuations in the material costs during such period in the future, the occurrence of which may materially and adversely affect our business, financial conditions and results of operations. In the event that the material costs from our suppliers increase in the future and we are unable to pass these cost increases onto our customers immediately, our operational performance may also be affected.

We rely on our subcontractors to complete our projects and we may become liable for their defaults or non-compliance of laws and regulations

We rely on our subcontractors to complete our projects, and the sub-contracting charges accounted for 58.4%, 61.0% and 69.9% of our direct costs for the two financial years ended 31 March 2015 and 2016 and the eight months ended 30 November 2016.

The availability of suitable subcontractors may not always be readily available when our projects require their services. If a subcontractor is unavailable and we fail to find other suitable subcontractors to carry out certain works on similar terms and pricing, our ability to complete our projects may be affected. If a subcontractor's services do not meet our standards, the quality of the project may be affected which in turn may harm our reputation and/or expose us to liability of making good of any substantial and work and even litigation and claims for damages.

In addition, our subcontractors are subject to charges in the event of violation of safety, environmental and/or employment laws and regulations. These may affect their ability to renew, and in more serious cases, may result in the revocation of their licences. If such an event occurs, we will have to locate and appoint other subcontractors as replacement, which may involve additional cost and time and lead to a lower profit margin and delay in completion of the projects.

If our subcontractors violate any laws, rules or regulations in relation to health and safety matters, we may be subject to prosecution. For instance, under the Immigration Ordinance, if our subcontractor employs an illegal immigrant on a project work site, our Group may be found to have committed an offence and be liable to a fine. In addition, we may be liable to claims for losses and damages if such violations cause any personal injuries/death or damage to properties.

Further, pursuant to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), a principal contractor or a main contractor and every subsequent tier of subcontractors shall jointly and severally be liable to pay any wages that become due to an employee who is employed by a subcontractor on any work which the subcontractor has contracted to perform, and such wages are not paid within the period specified in the Employment Ordinance. Any failure by our subcontractors to make payment to their employees in a timely manner may have an adverse effect on our future liquidity position.

Shortage in skilled workers and increase in subcontractor costs could increase our operational cost and affect our profitability

Since fit-out work is labour-intensive in nature, we need to maintain a stable supply of subcontractors at competitive prices. In the event of labour shortages, we may have difficulties in recruiting or retaining skilled subcontractors or face increasing subcontractor costs. Competition for qualified personnel in our industry is substantial and labour costs have been increasing generally and we cannot assure you that we can retain and attract sufficient skilled and experienced subcontractors on commercially reasonable terms or at all. Any failure to attract qualified and skilled subcontractors at reasonable cost and in a timely manner could reduce our competitive advantages, undermine our ability to expand, hinder our growth in revenue and affect our profitability.

Unauthorised use of our brand names or information relating to our business, management team and employees by third parties may adversely affect the value of our brand names, reputation and business

We regard our brand names, management team and our employees as critical to our success. Unauthorised use by third parties of our brand names or any information relating to our business, management team and employees which are accessible through our corporate website and/or social media may adversely affect the value of our brand names, our business and reputation, including the perceived quality and reliability of our products and services. As of the Latest Practicable Date, we had 5 trademarks in Hong Kong and 2 trademarks in the PRC. However, we may not be able to prevent unauthorised use of our brand names or the said information by third parties. In certain circumstances, legal actions (including litigation) may be necessary to protect our brand names and reputation. Such legal actions could result in substantial costs and diversion of our resources, and could disrupt our business, as well as materially and adversely affect our results of operations.

Negative publicity may have an adverse impact on our reputation and business

Negative publicity associated with our Group may result in the loss of customers and potential future referrals or lead to difficulty in securing new projects based on our Group's reputation and goodwill. If any customer who is not satisfied with our works, whether justified or not, raises any complaint regarding our Group which comes to the attention of the public, our reputation and business may be adversely affected, which will in turn adversely affect our growth prospects and financial condition.

Our Group's insurance coverage may not be sufficient to protect our Group against potential liabilities arising during the course of operations

Our Group does not maintain insurance policies against all risks associated with the our operations, either because our Directors are of the view that it is commercially unfeasible to do so, or the risk is minimal, or because the insurers have carved certain risks out of their standard policies. These risks include events such as the loss of business arising from increased competition, the loss of any business resulting from negative effects on changes in customers' tastes and preferences. If an incident occurs in relation to which our Group has inadequate or no insurance coverage, the business, financial position and operating results of our Group could be materially and adversely affected. Further, there is no assurance that our Group will be able to renew the existing insurance policies on the existing terms and/or commercially reasonable terms.

We may not be able to determine our costs accurately

We determine the price of our projects based on various factors, such as the duration of works, risks associated with the difficulty of works and the competitive market conditions. These factors may be affected by various uncontrollable circumstances such as: (i) shortage and cost escalation of material and subcontractors; (ii) variations of the fit-out design and plan as requested by our customers; and (iii) disputes with customers, suppliers or subcontractors. Significant deviation in any of these factors or other relevant factors from our expectation may lead to delay in completion and costs overrun by us and hence adversely affect our performance and financial conditions. For details of our pricing strategy, please refer to the paragraph headed "Business – Pricing strategy" in this prospectus.

We are subject to risk of uncertainties of our future plans

Our Group's future plans as described in the section headed "Business objectives and future plans" in this prospectus is based on present assumptions and objectives. Execution of such future plans may be subject to the availability of capital investment and human resources. Our expansion plan may also be hindered by other factors beyond our control, such as the general market conditions and the economic and political environment of Hong Kong. Therefore, our expansion plan may not be materialised in accordance with our initial plans and timetables.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

We operate in a competitive industry and failure to enhance our competitiveness may result in loss of customers and market share

We operate in the interior design and fit-out industry in Hong Kong. According to the Euromonitor Report, no single market leader in the market could shape the industry, owing to the highly fragmented nature of the industry and our Group faces competition not only from other integrated interior design solution providers but also registered architects, design houses and fit-out contractors. If we fail to compete effectively or maintain our competitiveness in the market, our business, financial condition and results of operations will be materially and adversely affected.

RISKS RELATING TO THE SHARE OFFER

An active trading market of our Shares may not develop

Prior to the Share Offer, there has been no public market for any of our Shares. The initial Offer Price range for the Offer Shares was the result of negotiation between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters). The Offer Price may differ significantly from the market price for our Shares following the Share Offer. However, even if approved, being listed on GEM does not guarantee that an active trading market for our Shares will develop following the Share Offer or that our Shares will always be listed and traded on GEM. Our Group cannot assure that an active trading market will develop or be maintained following completion of the Share Offer, or that the market price of our Shares will not fall below the Offer Price. If an active trading market for our Shares does not develop or is not sustained after the Share Offer, the market price and liquidity of our Shares could be materially and adversely affected.

There has been no prior public market for our Shares, and the liquidity, market price and trading volume of our Shares may be volatile

Upon Listing, the trading volume and market price of our Shares may be affected or influenced by a number of factors from time to time, including the revenue, earnings and cash flows of our Group, announcements of new services and/or investments of our Group, strategic alliances and/or acquisitions, fluctuations in the market prices for our Group's services or fluctuations in the market prices of comparable companies, changes of senior management of our Group, and general economic conditions. Any of such developments may result in large and sudden changes in the volume and price at which our Shares will trade. There is no assurance if such developments will occur or not and it is difficult to quantify the impact on our Group and on the trading volume and market price of our Shares. In addition, shares of other companies listed on GEM have experienced substantial price volatility in the past. It is likely that from time to time, our Shares will be subject to changes in price that may not be directly related to our Group's financial or business performance.

Purchasers of the Offer Shares will experience an immediate dilution and may experience further dilution if our Company issues additional Shares or other securities in the future

Based on the Offer Price range, the Offer Price is expected to be higher than the net tangible asset value per Share immediately prior to the Share Offer. Therefore, the purchasers of the Offer Shares will experience an immediate dilution in unaudited pro forma adjusted net tangible asset value to approximately HK$0.06 per Share and approximately HK$0.07 per Share based on the Offer Price of HK$0.26 per Offer Share and HK$0.32 per Offer Share respectively. Additional funds may be required in the future to finance the expansion or new developments of the business and operations of our Group or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro-rata basis to existing

Shareholders, the shareholding percentage of our existing Shareholders in our Company may be diluted or such new securities may confer rights and privileges that take priority over those conferred by the Offer Shares.

Future disposal by our existing Shareholders of a substantial number of our Shares in the public market could materially and adversely affect the prevailing market price of our Shares

The Shares held by our Controlling Shareholders are subject to a lock-up period beginning on the date on which trading in the Shares commences on GEM. There is no assurance that our Controlling Shareholders will not dispose of our Shares held by them. Our Group cannot predict the effect, if any, of any future disposal of our Shares by any substantial Shareholder of our Company or Controlling Shareholder, or the availability of Shares for disposal by any substantial Shareholder or Controlling Shareholder may have on the market price of the Shares. Disposal of a substantial amount of Shares by any substantial Shareholder of our Company or Controlling Shareholder or the issuance of a substantial amount of new Shares by our Company, or the market perception that such disposal or issuance may occur, could materially and adversely affect the prevailing market price of our Shares.

Historical dividends may not be indicative of the amount of future dividend payments or our Company's future dividend policy

On 5 April 2016, we declared a dividend of HK$16,000,000 to the then shareholder of Smart Will, Mr. Chan, which was used to offset partially the amount due from him. Save for the aforesaid, we did not declare any dividend during the years ended 31 March 2015 and 2016 respectively. Our Company's ability to pay dividends or make other distributions to the Shareholders is subject to the future financial performance and cash flow position of our Group. Our Company may not be able to distribute dividend to the Shareholders as a result of the abovementioned factors.

Our Group's historical dividend distribution should not be used as a reference or basis to determine the level of dividends that may be declared and paid by our Group in the future. Besides, our Group may not be able to record profits and have sufficient funds above its funding requirements, other obligations and business plans to declare dividends to the Shareholders.

The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ from those in Hong Kong

The corporate affairs of our Company are governed by our Memorandum and Articles of Association and by the Companies Law and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ in some respects from those established under statutes or judicial precedent in existence in Hong Kong. This may mean that the remedies available to our Company's minority shareholders may be different from those under the laws of other jurisdictions. A summary of the Companies Law is set out in Appendix IV to this prospectus.

RISKS RELATING TO THE STATEMENTS MADE IN THIS PROSPECTUS

Statistics and facts in this prospectus have not been independently verified

This prospectus includes certain statistics and facts that have been extracted from Government official sources and publications or other sources. Our Company believes the sources of these statistics and facts are appropriate for such statistics and facts and has taken reasonable care in extracting and reproducing such statistics and facts. Our Company has no reason to believe that such statistics and facts are false or misleading or that any fact has been omitted that would render such statistics and facts false or misleading. These statistics and facts from these sources have not been independently verified by our Company, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, any of their respective directors or any other parties involved in the Share Offer and therefore, our Company makes no representation as to the accuracy or completeness of these statistics and facts. As such, these statistics and facts should not be unduly relied upon.

Forward-looking statements contained in this prospectus may prove inaccurate and therefore investors should not place undue reliance on such information

This prospectus contains certain forward-looking statements relating to the plans, objectives, expectations and intentions of our Directors and our Group. Such forward-looking statements are based on numerous assumptions as to the present and future business strategies of our Group and the development of the environment in which our Group operates. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual financial results, performance or achievements of our Group to be materially different from the anticipated financial results, performance or achievements of our Group expressed or implied by these statements. The actual financial results, performance or achievements of our Group may differ materially from those discussed in this prospectus.

Investors should not rely on any information contained in any press articles or other media regarding us and the Share Offer

Prior to the publication of this prospectus, there might have been press articles and media coverage regarding us and the Share Offer which might include certain financial information, financial projections, and other information about us which do not appear in this prospectus. Such information might not be sourced from or authorised by us, hence, we do not accept any responsibility for the accuracy or completeness of such information. We cannot guarantee and make no representation as to the appropriateness, accuracy, completeness or reliability of such information. Potential investors are therefore cautioned to make their investment decisions based solely on the information contained in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus contains particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purposes of giving information to the public with regard to our Group. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief:

1. the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive;

2. there are no other matters the omission of which would make any statement herein or in this prospectus misleading; and

3. all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

OFFER SHARES ARE FULLY UNDERWRITTEN

This prospectus is published solely in connection with the Share Offer and the Listing of the Offer Shares, which is sponsored by the Sole Sponsor. The Public Offer Shares is fully underwritten by the Public Offer Underwriter under the terms and conditions of the Public Offer Underwriting Agreement. The Placing Shares will be fully underwritten by the Underwriters pursuant to the Placing Underwriting Agreement subject to the Offer Price being fixed by Price Determination Agreement. For further information about the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

INFORMATION ON THE SHARE OFFER

The Offer Shares are offered for subscription solely on the basis of the information contained and the representations made in this prospectus. No person is authorised in connection with the Share Offer to give any information, or to make any representation, not contained in this prospectus. Any information or representation not contained herein shall not be relied upon as having been authorised by our Company, the Sole Sponsor, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents, representatives or any other person or party involved in the Share Offer.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

Each person acquiring the Offer Shares will be required to confirm or by his/her/its acquisition of the Offer Shares will be deemed to confirm that he/she/it is aware of the restrictions on the offer of the Offer Shares described in this prospectus. Save as mentioned above, no action has been taken in any jurisdiction other than Hong Kong to permit an offer or the general distribution of this prospectus. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in relation to the Share Offer in any jurisdiction or, in any circumstance in which such an offer or invitation is not authorised, or to any person to whom it is unlawful to make such an offer or invitation.

The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under any applicable laws, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities as an exemption therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the United States.

No invitation may be directly or indirectly by or on behalf of our Company to the public in the Cayman Islands to subscribe for or acquire any of the Offer Shares. The Share Offer is made solely on the basis of the information contained and representations made in this prospectus. No person is authorised in connection with the Share Offer to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained herein must not relied upon as having been authorised by our Company, the Sole Sponsor, the Joint Bookrunners and the Joint Lead Managers, and any of their respective directors or affiliates of any of them or any other person and party involved in the Share Offer. The contents as shown in the website of our Company of *www.dic.hk* do not form part of this prospectus.

Prospective investors for the Offer Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe the applicable laws, rules and regulations of any relevant jurisdictions. Prospective investors for the Offer Shares should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING ON GEM

Application has been made to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus. No part of the share or loan capital of our Company is listed or dealt in on any other stock exchange and no such listing or permission of dealing is being or is proposed to be sought.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission for the Shares offered under this prospectus to be listed on GEM has been refused before the expiration of three weeks from the date of the closing of the Share Offer or such longer period not exceeding six weeks as may, within the said three

weeks, be notified to our Company for permission by or on behalf of the Listing Division of the Stock Exchange, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void. The Shares are freely transferable. Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees. A total of 200,000,000 Offer Shares for subscription, which represent 25.0% of the Company's enlarged issued share capital will be in the hands of the public immediately following the completion of the Share Offer and upon Listing (assuming the options that may be granted under the Share Option Scheme are not exercised).

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at all times after the Listing, our Company must maintain the "minimum prescribed percentage" of 25% or such applicable percentage of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

No part of the Shares or the loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek listing of, or permission to deal in, any part of the Shares or loan capital on any other stock exchange.

PROFESSIONAL TAX ADVICE RECOMMENDED

If investors are unsure about the taxation implications of the subscription for, purchase, holding or disposal of, dealings in, or exercise of any rights in relation to our Shares, they should consult an expert. It is emphasised that none of our Company, our Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents, representatives or any other person or party involved in the Share Offer accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription for, purchase, holding or disposal of, dealings in, or the exercise of any rights in relation to our Shares.

REGISTER OF MEMBERS AND STAMP DUTY

All the Offer Shares will be registered on our Company's branch register of members to be maintained in Hong Kong by our Company's branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Our Company's principal register of members will be maintained in the Cayman Islands by the Company's principal share registrar and transfer office in the Cayman Islands. Only Shares registered on our Company's branch register of members maintained in Hong Kong may be traded on GEM, unless the Stock Exchange otherwise agrees.

Dealings in the Shares registered on our Company's branch register of members maintained in Hong Kong will be subject to the Hong Kong stamp duty. Dealings in the Shares registered on the principal register of members of our Company maintained in the Cayman Islands will not be subject to the Cayman Islands stamp duty except where our Company holds interests in land in the Cayman Islands.

Unless determined otherwise by our Company, dividends in respect of Shares will be paid to the Shareholders by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder or if joint Shareholders, to the first-named therein in accordance with the Articles.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. If investors are unsure about the details of CCASS settlement arrangement and how such arrangements will affect their rights and interests, they should seek the advice of their stockbroker or other professional advisers.

COMMENCEMENT OF DEALINGS IN OUR SHARES

Dealings in our Shares on GEM are expected to commence at 9:00 a.m. on Wednesday, 12 April 2017. Shares will be traded in board lots of 10,000 each. The stock code for the Shares is 8455. Our Company will not issue any temporary documents of title. Dealings in the Shares on GEM will be effected by participants of GEM whose bid and offer quotations will be available on the GEM's teletext page information system. Delivery and payment for Shares dealt on GEM will be effected on the second Business Day following the transaction date. Only certificates for Shares registered on the branch share register of our Company will be valid for delivery in respect of transactions effected on GEM. If you are unsure about the procedures for dealings and settlement arrangement on GEM on which the Shares are listed and how such arrangements will affect your rights and interests, you should consult your stockbroker or other professional advisers.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Details of the structure of the Share Offer, including its conditions, are set out in "Structure and Conditions of the Share Offer" in this prospectus.

REASONS FOR THE SHARE OFFER

Our Directors believe that the Listing will enhance our profile and recognition, which gives more confidence to our customers. In addition, the estimated net proceeds from the Share Offer of approximately HK$40,475,000 will provide additional resources to our Group to expand our business and improve our capital base. The Listing and the Share Offer will also provide our Group with additional avenues to raise capital for our future business expansion and long-term development, and expand and diversify our capital base and Shareholders base as institutional funds and retail investors in Hong Kong can easily participate in the equity of our Company.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

ROUNDING

Unless otherwise stated, all the numerical figures are rounded to one decimal place. Any discrepancies in any table between totals and sums of individual amounts listed in any table are due to rounding.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Mr. Chan Lai Sin（陳禮善） *(Chairman)*	House 1 Osmanthus Path Monterey Palm Springs Yuen Long New Territories Hong Kong	Chinese
Mr. Hung Lap Ka （洪立家）	Room 3, 26/F, Block A Ho Ming Court King Lam Estate Tseung Kwan O New Territories Hong Kong	Chinese
Ms. So Hiu Bik （蘇曉碧）	Flat 2, 15/F, Block J Sunshine City Ma On Shan New Territories Hong Kong	Chinese
Independent non-executive Directors		
Mr. Kwan Ngai Kit （關毅傑）	Flat D, 29/F, Block 2 Nob Hill, 8 King Lai Path Lai Chi Kok Kowloon Hong Kong	Chinese
Ms. Lui Lai Chun （呂麗珍）	Flat A2, 20/F, Block A Wing Ning Building 501-511 Shun Ning Road Cheung Sha Wan Kowloon Hong Kong	Chinese
Mr. Wu Loong Cheong Paul （吳龍昌）	Flat B, 11/F, Block 6 8 Shan Yin Road Grand Palisades Tai Po New Territories Hong Kong	Canadian

For further information on the profile and background of our Directors, please refer to the section headed "Directors, Senior Management and Employees" to this prospectus.

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor	Frontpage Capital Limited 26th Floor, Siu On Centre 188 Lockhart Road Wan Chai Hong Kong *(A licensed corporation for carrying on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO)*
Joint Bookrunners, Joint Lead Managers and Underwriters	Frontpage Capital Limited 26th Floor, Siu On Centre 188 Lockhart Road Wan Chai Hong Kong *(A licensed corporation for carrying on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO)* ChaoShang Securities Limited Rm 4001-2, China Resources Building 26 Harbour Road Wan Chai Hong Kong *(A licensed corporation for carrying type 1 (dealing in securities) regulated activity under the SFO)* Supreme China Securities Limited Suite 2701-2, 27/F, Dah Sing Financial Centre 108 Gloucester Road Wan Chai Hong Kong *(A licensed corporation for carrying type 1 (dealing in securities) regulated activity under the SFO)*
Legal advisers to our Company	*As to Hong Kong law:* CFN Lawyers in association with Broad and Bright Room 4124, 41/F Sun Hung Kai Centre 30 Harbour Road Wan Chai Hong Kong *(Solicitors of Hong Kong SAR)*

	As to Cayman Islands law: Appleby 2206-19 Jardine House 1 Connaught Place Central Hong Kong *(Cayman Islands attorneys-at-law)*
Legal adviser to the Sole Sponsor and the Underwriters	*As to Hong Kong law:* Khoo & Co. 2nd Floor Tern Centre Tower 2 251 Queen's Road Central Hong Kong *(Solicitors of Hong Kong SAR)*
Auditors and reporting accountants	HLB Hodgson Impey Cheng Limited *Certified Public Accountants* 31/F, Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong
Industry consultant	Euromonitor International Limited 11 Keppel Road ABI Plaza Singapore
Property valuer	AVISTA Valuation Advisory Limited 23/F, Siu On Centre 188 Lockhart Road Wan Chai Hong Kong
Receiving bank	DBS Bank (HK) Limited 16/F, The Centre 99 Queen's Road Central Central Hong Kong

Registered office	Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Head office and principal place of business in Hong Kong	Office H 19/F, Phase 01, Kings Wing Plaza 3 On Kwan Street Shek Mun Sha Tin New Territories Hong Kong
Company secretary	Mr. So Wing Fat（蘇永發）*(CPA)* Room 1001 Shing Chuen House Tin Shing Court Tin Shui Wai New Territories Hong Kong
Authorised representatives (for the purpose of the GEM Listing Rules)	Mr. Chan Lai Sin（陳禮善） House 1 Osmanthus Path Monterey Palm Springs Yuen Long New Territories Hong Kong Mr. So Wing Fat（蘇永發）*(CPA)* Room 1001 Shing Chuen House Tin Shing Court Tin Shui Wai New Territories Hong Kong
Compliance officer	Mr. Chan Lai Sin（陳禮善） House 1 Osmanthus Path Monterey Palm Springs Yuen Long New Territories Hong Kong

Audit committee	Mr. Kwan Ngai Kit（關毅傑）*(Chairman)* Ms. Lui Lai Chun（呂麗珍） Mr. Wu Loong Cheong Paul（吳龍昌）
Remuneration committee	Ms. Lui Lai Chun（呂麗珍）*(Chairman)* Mr. Wu Loong Cheong Paul（吳龍昌） Mr. Kwan Ngai Kit（關毅傑） Mr. Chan Lai Sin（陳禮善）
Nomination committee	Mr. Wu Loong Cheong Paul（吳龍昌）*(Chairman)* Mr. Kwan Ngai Kit（關毅傑） Ms. Lui Lai Chun（呂麗珍） Mr. Chan Lai Sin（陳禮善）
Compliance adviser	Frontpage Capital Limited 26th Floor, Siu On Centre 188 Lockhart Road Wan Chai Hong Kong *(A licensed corporation for carrying on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO)*
Cayman principal share registrar and transfer office	Estera Trust (Cayman) Limited Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
Principal bankers	DBS Bank (Hong Kong) Limited 16/F, The Center 99 Queen's Road Central Central Hong Kong

	Bank of China Shop 608 Level 6 Phase One New Town Plaza Sha Tin New Territories Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited 12/F, Tower 1 HSBC Centre 1 Sham Mong Road Tai Kok Tsui Kowloon Hong Kong
Company's website	*www.dic.hk (the information contained in this website does not form part of this prospectus)*

The information that appears in this section has been prepared by Euromonitor International and reflects estimates of market conditions based on publicly available sources and trade opinion surveys, and is prepared primarily as a market research tool. References to Euromonitor International should not be considered as the opinion of Euromonitor International as to the value of any security or the advisability of investing in our Company. Our Directors believe that the sources of information contained in this section are appropriate sources for such information and have taken reasonable care in reproducing such information. Our Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information prepared by Euromonitor International and set out in this section has not been independently verified by our Group, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other party involved in the Share Offer and neither they nor Euromonitor International give any representations as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.

SOURCE OF INFORMATION

General

We have commissioned Euromonitor to conduct an independent market research and an analysis of residential interior design and fit-out services in Hong Kong and have agreed to pay a fee of approximately US$51,840 for the Euromonitor Report. Established in 1972, Euromonitor is a global research organisation with over 500 full-time staff and field-based analysts in over 80 countries worldwide, researching and tracking fast-moving consumer goods, industrial, service and business to business markets.

Research methodology

In compiling and preparing the Euromonitor Report, Euromonitor used the following methodologies to collect data from multiple sources, validate the data and information collected and cross-check certain respondents' views against those of others: (i) secondary research, which involved reviewing published sources of information, including national statistics and official sources such as the Census and Statistics Department of Hong Kong, specialist trade press and associations such as the Hong Kong Interior Design Association, company reports including audited financial statements, where available, and independent research reports; (ii) primary research, which involved survey and interviews with a sample of leading industry participants and industry experts for the latest data and insights on future trends and to verify and cross-check the consistency of collected data and research estimates; (iii) projected data, which was obtained from the analysis of historical data plotted against macroeconomic data with reference to specific industry-related drivers; and (iv) a review and cross-check of all sources as well as an independent analysis to determine all final estimates, including the size, shape, drivers and future trends of the residential interior design market, used in preparing the final report.

Forecasting bases and assumptions

The key assumptions adopted by Euromonitor for the preparation of the Euromonitor Report are as follows, (i) the Hong Kong economy is expected to maintain steady growth over the forecast period; (ii) the Hong Kong social, economic, and political environment is expected to remain stable in the forecast period; (iii) there will be no external shock, such as financial crisis or raw material shortages or skillful labor shortage that would affect the demand and supply of residential interior design services in Hong Kong during the forecast period; and (iv) key market drivers such as the new development of residential units are currently driving market growth and are expected to boost the future development of the residential interior design and fit-out services market in Hong Kong.

OVERVIEW OF POPULATION IN HONG KONG

Hong Kong's population continues to grow slowly, expanding by a CAGR of 0.7% over the review period between 2011 and 2015, which reached a population of 7.3 million people by 2015. The overall fertility rate in Hong Kong remains low, as urban residents continue to delay starting their own families as they pursue career progression and educational goals.

Growth in the number of domestic households has taken place at a slightly faster pace compared to population growth over the review period, increasing by a CAGR of 1.2% from 2011 through 2015, by which there were approximately 2.5 million households in Hong Kong, up from nearly 2.4 million households recorded back in 2011.

That the growth in domestic households has been faster than overall population growth bodes well for the residential interior design and fit-out services market in Hong Kong, as this creates a larger consumer base for residential interior design and fit-out services despite a stagnant population. Newly set-up households moving into new residences are more likely to provide new business opportunities for such service providers compared to more established households who have resided at their current residence for some period of time.

HOUSING AND PROPERTY MARKET IN HONG KONG

Cooling measures implemented in 2013 only starting to take effect as housing sales and prices fall to record lows

Due to housing shortages, residential property prices in Hong Kong are among the most expensive in the world. Correspondingly, it is also one of the most active property markets globally, with high capital gains and relaxed regulations on foreign ownership of properties in Hong Kong attracting many well-heeled investors from across the world. Over time, this has led to high demand for residential properties in Hong Kong, which in turn has seen residential property prices soar to new highs.

There has been an influx of investors from the PRC, many of whom have purchased multiple residential properties in Hong Kong at sky-high prices. Together with a weakening macroeconomic climate and fears of a financial crisis, there have been growing concerns about a property bubble building up in Hong Kong. In response, the Hong Kong

Government introduced cooling measures for the property market in 2013 to avert a hard landing, which have taken effect at a time when large numbers of residential properties were already under construction.

This rising supply of residential units, rising short-term interest rates, slowing growth in the PRC and cooling measures have all begun to take effect, with housing sales dropping to a 25-year low in February 2016, and housing prices down by 10% in the same month from the peak prices recorded back in September 2015. All of this point to weakness in Hong Kong's residential property market, with both consumers and developers starting to stay away from the market for the time being.

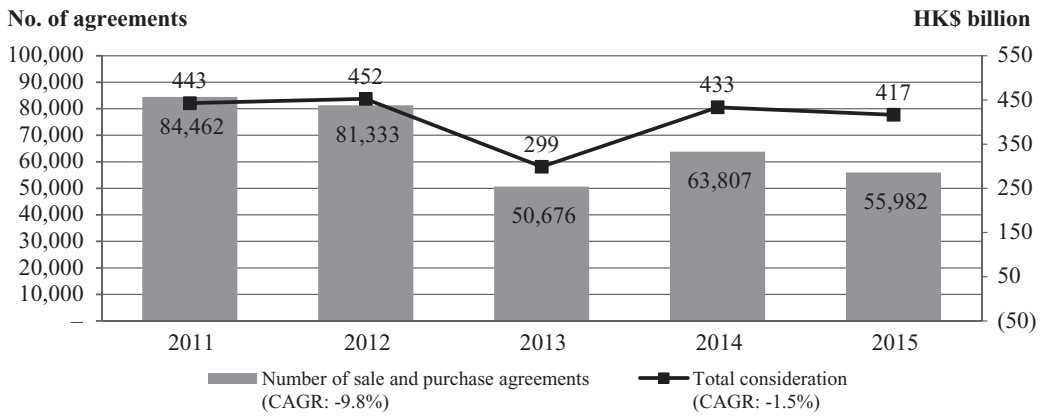
Completed units fell in 2015 after hitting a five year peak in 2014, as cooling measures discourage new projects

Completions of private domestic units in Hong Kong grew by a CAGR of 4.5% over the review period between 2011 and 2015, with 2014 being the peak where 15,719 private domestic units were completed in the same year. By 2015, the figure had fallen sharply to 11,280 units, as the cooling measures implemented by the Hong Kong Government in 2013 had begun to take effect, causing property developers to delay development plans for new and upcoming projects.

Sharp fall in sale and purchase agreements although total consideration fared better

There was a sharp decline in the number of sale and purchase agreements registered over the review period between 2011 and 2015, dropping by a CAGR of 9.8% from 84,462 agreements registered in 2011, to only 55,982 agreements registered in 2015. The lowest numbers of registrations were recorded in 2013, when cooling measures targeting the residential property market in Hong Kong was first introduced by the government, pushing investors into taking a wait-and-see approach as they sought more clarity on the impact of these cooling measures.

Over the same period, the total consideration amount of domestic units registered declined at a slower pace of 1.5%, dropping from HK$442.5 billion in 2011 to HK$298.9 billion in 2013, before rebounding to HK$416.5 billion by 2015. This indicated that despite a fall in the number of sale and purchase agreements for residential units, overall valuation of these transactions remained resilient. This in turn was most probably due to sustained purchasing interest in higher-end properties, which helped to cushion the negative impact of a significantly sharper decline in overall transactions. The following chart illustrates the number of sales and purchase agreement and total consideration of domestic unit received for registration in Hong Kong between 2011 and 2015.



Source: Rating and Valuation Department of Hong Kong

RESIDENTIAL INTERIOR DESIGN AND FIT-OUT SERVICES MARKET IN HONG KONG

Industry overview

Trade interviews conducted by Euromonitor estimated that the majority of the interior design service providers operating in Hong Kong offer interior design related services in the residential sector, many a times offering both interior design and fit-out services. With there being low barriers of entry and numerous players, the residential interior design and fit-out services market in Hong Kong is highly competitive and mature. Both local and international firms compete in the residential interior design and fit-out services space.

Number of firms and designers

Based on trade sources conducted by Euromonitor, it is estimated that there are more than 7,000 interior designers and around 1,100 interior design companies in Hong Kong. Over the review period, there has been no significant change in the numbers of residential interior design and fit-out services firms operating in Hong Kong, as the industry is fairly mature with no significant changes or developments which might have attracted new entrants or pushed firms out in recent years.

Business model

While all residential interior design companies provide varying degrees of consultancy and design services for residential properties to their clients, firms of different scale and resources also offer different degrees of vertical integration and overall packages of services.

The majority of smaller residential interior design and fit-out service firms tend to focus only on providing creative design and consultancy services to their clients and outsource the actual implementation and construction work to third-party contractors. As such firms might not have much control or oversight of the contractors engaged to fulfil the implementation deliverables, quality control issues are frequently encountered for such practices.

Other larger and more resourceful firms integrate varying degrees of the implementation and construction work streams into their internal processes, be it through an in-house team of contractors through which quality control can be ensured, or by cultivating a stable, reliable and high-quality contractors which offer implementation and construction service to such firms, at a high level of quality and over recurring projects.

Average spending

The contract value for a residential interior design project varies widely depending on to the scope of work, floor area of the property in which work is being undertaken and the demands of the client. Typically, interior design project costs range from HK$200,000 to HK$500,000 for a typical interior design project for a 600 to 700 square foot apartment, although such costs can rise quickly depending on the options chosen by the client, such as premium materials and fittings.

Regulatory requirements

A laissez-faire approach is adopted when it comes to regulatory framework of the residential interior design and fit-out services market. Apart from standard trade and industry codes of practice and registration requirements for the incorporation of a company or partnership, residential interior design and fit-out services firms are only required to follow the procedures and guidelines governing small-scale building works as laid out under the Minor Works Control System.

Industry performance

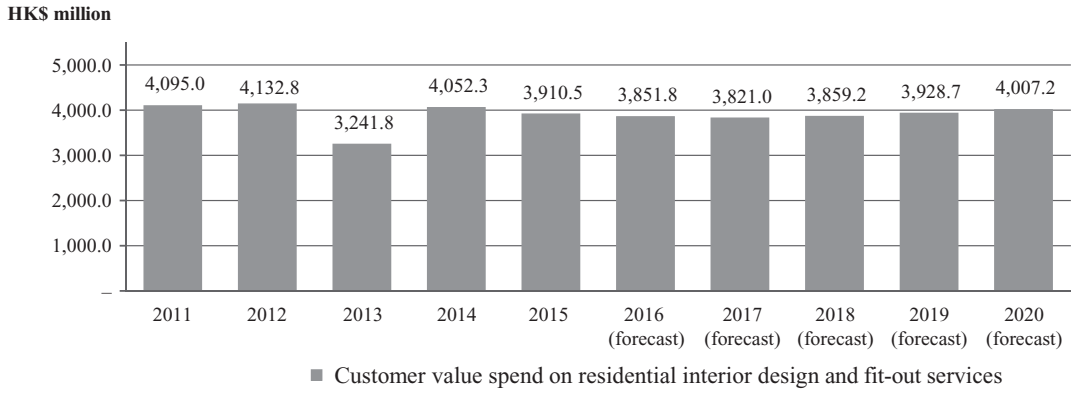
Historic growth rates for residential interior design market show fluctuating trends

The customer value spent on overall residential interior design and fit-out services in Hong Kong reached HK$3.91 billion in 2015, reflecting a CAGR of -1.1% from 2011 to 2015. The residential interior design and fit-out services market's growth rates declined at a rate of -21.6% in 2013 and by -3.4% in 2015, with a 25.0% growth recorded in 2014.

2013's decline was attributed to the volatile residential property prices, which ultimately discouraged buyers to make purchase of homes. 2014's 25.0% growth is mainly a result of an increase in the completion of private domestic property units from 2013 and 2014. In fact, between 2013 and 2014, 15,719 private domestic property units were completed, which is a 90.4% jump compared to the previous fiscal year. Subsequently, the take-up of private domestic units recorded 16,520 units in 2014, a 105.0% growth compared to 2013's 8,060 units. The weakening in 2015 reflects the recent down turn of the residential property market caused by various reasons including the PRC's economic slowdown and the increase in housing supply.

Challenging times in short term for the industry followed by a rebound around 2018 owing to the increase in supply of affordable public housing units

Over the forecast period between 2016 and 2020, the consumer spending on residential interior design and fit-out services is not expected to grow significantly, as customers are likely to remain prudent and cost-conscious in their renovation projects amidst a flat property market and a challenging economic environment. In fact, the residential interior services market is expected to further contract in 2016 and 2017 due to the recent slowdown of the residential property market caused by various reasons including volatile residential property prices, the PRC's economic slowdown and the property market cooling measures introduced by the Hong Kong Government. Nevertheless, the expected increase in housing supply in the coming few years may result in second hand flats becoming more affordable, leading to an increase in flat buying and the increase demand in residential interior design and fit-out services since 2018. In addition, the Hong Kong Government's initiative to ramp up the supply of affordable public housing units is expected to help the residential interior services market to rebound around 2018. These are key factors which the residential interior design and fit-out services industry face going forward, as business opportunities and growth potential for this industry is highly dependent on the performance of the property market in Hong Kong. The following chart illustrates the historical and forecast customer values spent/expect to be spent on residential interior design and fit-out services in Hong Kong between 2011 and 2020.



Source: Euromonitor estimates from desk research and trade interviews

Industry drivers

Government's push to develop more housing units to boost demand for interior design and fit-out services

To address the issue of Hong Kong's housing shortage and skyrocketing residential property prices, the Hong Kong Government announced its Long Term Housing Strategy in December 2014. This plan aims to "gradually avert the current supply-demand imbalance" (Transport and Housing Bureau). According to the most recent Long Term Housing Strategy Annual Progress Report (2015), the Hong Kong Government targets to supply 460,000 housing units in the next ten-year period from 2016/17 to 2025/26.

One way in which the Hong Kong Government will target this issue is to boost the number of public residential housing units that are relatively more affordable. Such public residential units tend to be very austere in their design, and owners of such flats often engage residential interior design and fit-out services to renovate such flats and make them more comfortable to live in. Despite our revenue are mainly contributed from residential interior design and fit-out projects in private domestic units during the Track Record Period, such boost to the number of public residential housing units could generate significant amount of business opportunities for interior design and fit-out firms, including us, who cater to such consumers looking for cost-efficient and simple interior design work. In addition, the expected increase in public housing supply may result in second hand flats for both public and private units becoming more affordable, and lead to increase number of flat buying and also the demand in residential interior design and fit-out services as a whole.

Property market cooling measures converting investment properties into own stay

The property market cooling measures introduced by the Hong Kong Government as mentioned above includes increased stamp duties on the resale of private residential properties. This has discouraged investors who had bought certain residential properties for investment purposes from selling these properties and suffering a significant stamp duty levied on the sale. As such, more of such investment-intended properties are now being occupied by their owners, hence increasing demand for residential interior design and fit-out services for such flats with self-occupancy.

Development trend

Growing numbers of mini-sized shoebox flats driving need for innovative interior design

Hong Kong residents are continuously challenged by the shortage of space in their homes. In recent years, mini-sized shoebox flats typically meant for 1 to 2 people have been growing in popularity in Hong Kong. This is because such flats remain affordable in terms of overall quantum even as the price per sq.ft. remains comparable to or even higher than other larger properties. In addition, newer flats not only lack space, but also come in irregular shapes.

Such lack of space and irregularities in shape in Hong Kong flats have resulted in demand for more efficient products and interior design. Owner-occupiers of shoebox flats have a strong focus on maximizing the usable and living space in such units, and often engage residential interior design firms to propose novel and innovative design themes to maximize living space and to implement the final design creating new business opportunities for industry players. Examples of interior design service offerings that have been well accepted by the Hong Kong customers include wall beds and pull-out or foldable dining tables.

Local firms seek to move up value chain by introducing premium designs and products

In an increasingly competitive market, more resourceful firms are increasingly looking to move up the value chain, diversify their revenue sources and break into the premium interior design niche, where profit margins are higher. Such firms deploy a variety of

strategies in doing so, such as turning to collaboration with internationally renowned designers and popular brand names to project a premium image for their interior design products. Other firms set up luxurious exhibits and show-flats equipped with designer appliances and fittings, as well as brand name furnishings, to attract consumers with their exclusive and premium feel. The market for premium interior design services and products has been supported by the increasing disposable income levels of Hong Kong consumers, especially of those whom reside in prime locations where luxury apartments and premium assets are located.

Industry competitive landscape

Low barriers of entry in a highly competitive, mature industry

The residential interior design and fit-out service industry in Hong Kong is highly competitive, with low capital requirements for potential entrants and no onerous regulation which impose high costs or additional hassle for companies wishing to enter the market. Based on the trade sources, it is estimated that there are more than 7,000 interior designers and around 1,100 interior design companies in Hong Kong as mentioned before.

With no dominant firms or brand champions in this industry, new entrants are also able to establish themselves through extensive marketing and promotional activities in the market. This is essential for them to accumulate a critical pool of subcontractors and clients to sustain their bottom line.

Overall, the low switching costs and the lack of economy of scale in the industry means that the barriers of entry to this industry are very low with no significant deterrent to new entrants.

Companies focus on creating their unique competitive advantage

As the residential interior design market is highly competitive and fragmented, it is critical for industry players to differentiate themselves to create competitive advantages for their firms, in order to attract a wider consumer base and maintain customer loyalty and return business over time. The common ways to build such competitive advantage is through high quality, superior design work which are attractive and eye catching; building a reputation for high quality workmanship, project execution and excellent after-sales service; or being a one-stop service centre bringing together multiple vendors to provide value-added services customised to consumer preferences.

Competitive advantages of the Group

The Group enjoys a few key competitive advantages in the residential interior design property industry in Hong Kong. First and foremost, its high level of vertical integration allows it to offer a one-stop service package to its clients, meeting their requirements all the way from the design stage to the building and implementation stage. This gives clients more assurance and also makes it easier for the Group to maintain quality control throughout the process.

Secondly, the Group has built up a strong and reliable network of subcontractors to assist in building and fitting-out works. Thirdly, the Group has been investing significantly in marketing and advertising, and has built up a strong brand name in the industry, which is an invaluable asset in a highly fragmented and competitive industry.

Based on data provided by the Group and Euromonitor's own industry estimates, the Group's revenue accounts for around approximately 2.7% of Hong Kong's residential interior design and fit-out services market in the year of 2015. Please see "Business – Competitive strengths" for more details on the competitive advantages of the Group.

PRICES OF KEY MATERIALS AND LABOUR COSTS

Prices of key materials

The cost of key raw materials used for design and fit-out increased significantly across most product categories over the review period, with unglazed tiles, glass tiles and colour tiles experiencing the most significant increases in their costs over the review period between 2011 and 2015. Please refer to the table below for the average wholesale prices of key materials used for design and fit-out in Hong Kong.

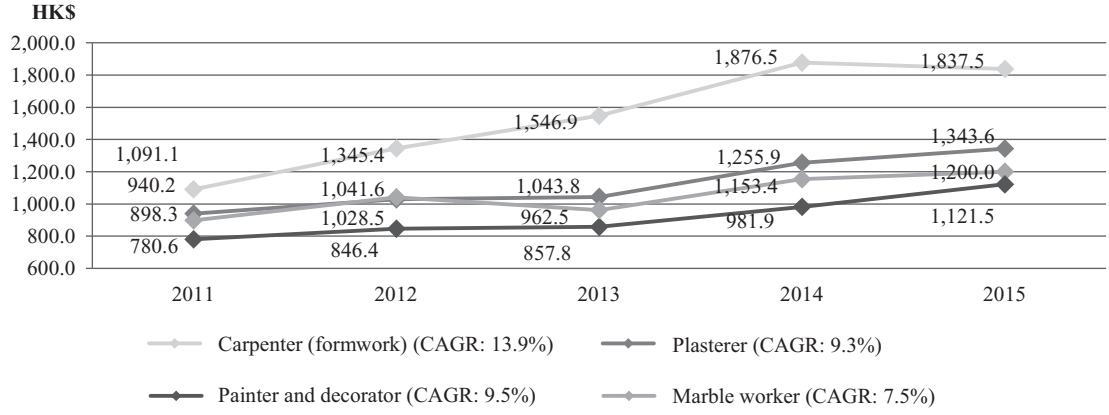
Items	2011	2012	2013	2014	2015	CAGR %
Glass (HK$ per sq.m.)						
Clear sheet glass, 5 millimeter thick	144.0	151.0	151.0	157.0	157.0	2.2%
Glazed ceramic wall tiles (HK$ per 100 piece)						
White tiles, 108 millimeter x 108 millimeter	202.0	232.0	243.0	233.0	233.0	3.6%
Colour tiles, 200 millimeter x 200 millimeter	334.0	391.0	398.0	401.0	443.0	7.3%
Homogeneous floor tiles (HK$ per sq.m.)						
Non-slip tile, 200 millimeter x 200 millimeter	150.0	154.0	158.0	160.0	160.0	1.6%
Mosaic tiles (HK$ per unit)						
Unglazed tiles, 18 millimeter x 18 millimeter	81.0	104.0	109.0	119.0	119.0	10.1%
Glass tiles, 25 millimeter x 25 millimeter	35.0	50.0	50.0	50.0	50.0	9.3%
Glazed tiles, 45 millimeter x 45 millimeter	109.0	122.0	129.0	132.0	134.0	5.3%
Paint (HK$ per unit)						
Emulsion paint	45.0	51.0	52.0	52.0	53.0	4.2%
Acrylic paint	48.0	48.0	49.0	49.0	51.0	1.5%

Items	2011	2012	2013	2014	2015	CAGR %
Portland cement (ordinary) (HK$ per tonne)	677.0	699.0	698.0	729.0	738.0	2.2%
Galvanised mild steel (HK$ per tonne)						
Steel plates	9,180.0	8,814.0	9,541.0	9,577.0	8,578.0	-1.7%
Steel angles	12,234.0	11,856.0	11,806.0	11,967.0	11,469.0	-1.6%
Steel flats	10,023.0	9,914.0	10,131.0	10,319.0	9,926.0	-0.2%

Source: Census and Statistics Department, Hong Kong

Labour costs

The average daily salaries for skilled workers increased substantially over the review period between 2011 and 2015. Such increase can be attributed to the increasing need for skilled workers amid a shortage in skilled labour. Carpenters enjoyed the largest increase as their average daily salaries grew by a CAGR of 13.9% over the same period, reaching HK$1,837.5 in 2015 from only HK$1,091.1 in 2011. The average daily salaries of plasterer, painters/decorators and marble workers all increased by a CAGR of 9.3%, 9.5% and 7.5% respectively over the review period between 2011 and 2015. These wage increases have seen manpower costs for residential interior design firms in Hong Kong rise significantly. Please refer to chart below for the average daily salaries for skilled workers between 2011 and 2015 in Hong Kong.



Source: Census and Statistics Department, Hong Kong

NO ADVERSE CHANGE

Our Directors confirm that, to the best of their knowledge and belief, there has been no adverse change in the market information since the date of the Euromonitor Report which may qualify, contradict or have any material impact on the information in this section.

This section sets out summaries of certain major laws and regulations which are relevant to our Group's business and operations in Hong Kong.

Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong)

Our project management team is responsible for the on-site supervision and inspection works of our projects, and accordingly the members of our project management team are required to carry with their persons valid Green Cards or an equivalent document in accordance with the Factories and Industrial Undertakings Ordinance while carrying out on-site supervision and inspection works.

The Factories and Industrial Undertakings Ordinance provides for the safety and health protection to workers in industrial undertakings. Under the Factories and Industrial Undertakings Ordinance, it is the duty of a proprietor of an industrial undertaking, which includes construction work, to ensure, so far as is reasonably practicable, the health and safety at work of all persons employed by him at the industrial undertaking. The duties of a proprietor extend to include:

- providing and maintaining plant and work systems that do not endanger safety or health;
- making arrangements for ensuring safety and health in connection with the use, handling, storage and transport of articles and substances;
- providing all necessary information, instructions, training and supervision for ensuring safety and health;
- providing and maintaining safe access to and egress from the workplaces; and
- providing and maintaining a safe and healthy working environment.

A proprietor who contravenes any of these requirements wilfully and without reasonable excuse commits an offence and is liable to a fine of HK$500,000 and to imprisonment for six months. As our Group falls within the meaning of proprietor under the Factories and Industrial Undertakings Ordinance due to our business operations encompassing the management or control of industrial undertakings for the time being, any breach of our duties under the Factories and Industrial Undertakings Ordinance may constitute an offence and result in our Group being liable to a fine of HK$500,000.

Pursuant to Section 6BA of the Factories and Industrial Undertakings Ordinance, persons employed at industrial undertakings engaging in construction work must attend a relevant safety training course recognised under the Factories and Industrial Undertakings Ordinance and be issued a Green Card for attendance of such safety training course. A Green Card is valid for a period from 1 year to 3 years after the day on which it was issued.

On and after the appointed day, as defined in the Factories and Industrial Undertakings Ordinance, it shall be the duty of every relevant person employed at an industrial undertaking engaging in construction work who has been issued a Green Card which has not expired to, among other things, carry with his person the Green Card or an equivalent document while at work at the undertaking, and it is the duty of every proprietor of an industrial undertaking engaging in construction work not to employ at the undertaking a relevant person who has not been issued a Green Card or whose Green Card has expired.

Any proprietor who contravenes Section 6BA commits an offence and is liable to a fine of HK$50,000. However, it shall be a defence for an offence contrary to Section 6BA under the Factories and Industrial Undertakings Ordinance for the proprietor to show that it believed, and that it was reasonable for it to believe, that the relevant person to whom the offence relates had been issued with a Green Card and that the certificate had not expired.

It is the responsibility of our contractors to ensure the adequate safety of the sites of our projects and in doing so practice correct safety measures in accordance with the Construction Sites (Safety) Regulations, a subsidiary regulation of the Factories and Industrial Undertakings Ordinance. The Construction Sites (Safety) Regulations provides for, among others, (i) prohibition of employment of persons under 18 years of age on construction sites (save for certain exceptions); (ii) maintenance and operation of construction plants (including any plant, equipment, gear, machinery, apparatus, or appliance, or any part thereof) used or intended to be used for the purpose of construction work; (iii) the duty of a contractor responsible for a construction site to ensure the safety of the place of construction work; (iv) the duty of a contractor responsible for a construction site to take adequate steps to prevent falls; (v) provision of first aid facilities; and (vi) other miscellaneous safety requirements.

Rules arising from the Construction Sites (Safety) Regulations carry different levels of penalty and any person who contravenes or fails to comply with a rule under the Construction Sites (Safety) Regulations commits an offence and may be liable to a fine corresponding to that rule. A contractor found guilty of an offence could be held liable to a fine of up to HK$200,000 and imprisonment up to 12 months.

Immigration Ordinance (Chapter 115 of the Laws of Hong Kong)

Our subcontractors, whom are considered construction site controllers under the Immigration Ordinance, are responsible for controlling the sites of our projects, and as such we require them to comply with the Immigration Ordinance, by prohibiting them from recruiting illegal workers and requiring them to employ only lawfully employable workers to carry out works on the construction sites.

Pursuant to Section 38A of the Immigration Ordinance, a construction site controller should prevent (i) illegal immigrants from being on the construction site; and (ii) persons who are not lawfully employable, as defined under the Immigration Ordinance, from taking employment on the construction site. A construction site controller is defined as a principal or main contractor and any person who has control over or is in charge of a construction site.

Any construction site controller who contravenes Section 38A may be held liable upon conviction of a fine of HK$350,000. However, it is a defense in proceedings for an offence under Section 38A for the construction site controller to prove that it took all practicable steps to prevent illegal immigrants from being on the construction site and/or persons who are not lawfully employable from taking employment on the construction site.

For more details, please refer to the section headed "Business – Suppliers – Subcontractors" to this prospectus.

Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong)

Our normal business operations create vast amounts of solid waste during the fit-out process and we engage licensed waste collectors to collect the waste for proper disposal at designated waste disposal facilities. We require our subcontractors to provide us with relevant transaction records of disposals to demonstrate that the Waste Disposal Ordinance has been complied with.

Section 16B of the Waste Disposal Ordinance strictly prohibits depositing construction waste disposal on private lots, unless (i) the total area on which the construction waste has been deposited within the lot does not exceed 20 sq.m., or the depositing forms part of any building works carried out on the lot that commenced in accordance with the enactment specified in Schedule 13 of the Waste Disposal Ordinance; and (ii) the sole owner or all of the owners of the private lot has given valid permission for the depositing of construction waste on the private lot. Such permission must be in the specified form for permission for the depositing of construction waste on a private lot under Section 16C and must bear an acknowledgement by the Director of the Environmental Protection Department. The acknowledgement must be submitted at least 21 days before the intended date on which the depositing activity is to commence.

Any person who deposits or causes to be deposited construction waste and other waste on, among others, a private lot, without valid permission commits an offence and is liable to a fine of HK$200,000 and to imprisonment for 6 months for the first offence, and to a fine of HK$500,000 and to imprisonment for 6 months for a second or subsequent offence.

The Construction Waste Disposal Charging Scheme has been established by the Waste Disposal (Charges for Disposal of Construction Waste) Regulation, pursuant to which the disposal of all construction waste in government waste disposal facilities carry respective construction waste disposal charges. Any construction waste producer must, prior to using government waste disposal facilities, pay the applicable charges. Construction waste is defined as any substance, matter or thing that is generated from construction work and abandoned, whether or not it has been processed or stockpiled before being abandoned.

For contracts with a value of HK$1 million or above, the main contractor who undertakes construction work under that particular contract will be required, within 21 days of the award of the contract, to establish a billing account with the Environmental Protection Department in respect of that particular contract and pay the prescribed charges for

construction waste generated from works under that contract. For contracts with a value less than HK$1 million, any person may establish the account and make arrangements for the disposal of construction waste.

The construction work of our projects also generates chemical waste and the disposal of such chemical waste is required to comply with the Waste Disposal (Chemical Waste) (General) Regulation. Under the Waste Disposal (Chemical Waste) (General) Regulation, any waste producer who produces or causes chemical waste to be produced is required to register as a chemical waste producer with the Environmental Protection Department. Smart Will has registered with the Environmental Protection Department under the Waste Disposal Ordinance as a chemical waste producer since 13 March 2008. Chemical waste must be properly packaged, labelled and stored by chemical waste producers before transportation to designated disposal facilities by a licensed chemical waste collector.

Prior notification must be given to the Environmental Protection Department by the waste producer of the intended disposal of chemical waste, and the disposal must be in accordance with the directions issued by the Environmental Protection Department specifying the appropriate disposal facility for the waste and the date and time when the delivery of such waste should be made. In the case of a body corporate, any person authorised to be the applicant on behalf of the body corporate who fails to register as a chemical waste producer commits an offence and is liable on conviction to a fine of HK$200,000 and to imprisonment for 6 months.

For more details, please refer to the section headed "Business – Environmental, health and safety matters" to this prospectus.

Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong)

The construction activities carried out during the fit-out process of our projects may generate air pollutants and noxious odours, and as such our subcontractors are required to use the best practicable means to prevent and minimise air pollution arising from our works in accordance with the Air Pollution Control Ordinance and its subsidiary regulations.

The Air Pollution Control Ordinance provides that the owner of any premises used for the conduct of any process specified in the Air Pollution Control Ordinance shall use the best practicable means for preventing the emission of noxious or offensive emissions from such premises. An owner, under the Air Pollution Control Ordinance and in relation to a building or premises, includes a contractor who has possession of a site for the purposes of construction work.

We also require our subcontractors to ensure that construction dust generated during the fit-out process of our projects are controlled in accordance with the Air Pollution Control (Construction Dust) Regulation.

Under the Air Pollution Control (Construction Dust) Regulation, the contractor responsible for a construction site where notifiable work is proposed to be carried out must give notice to the Environmental Protection Department before the commencement of the

work. Example of notifiable works include (i) site formation; (ii) reclamation; (iii) demolition of a building; (iv) construction of the foundation of a building; and (v) construction of the superstructure of a building.

The contractor responsible for a construction site where a notifiable work is being carried out shall ensure that the work is carried out in accordance with the specified dust control requirements as under the Air Pollution Control (Construction Dust) Regulation. A contractor is defined as any person or firm engaged in carrying out construction work by way of trade or business, either on his own account or pursuant to a contract or arrangement entered into with another person or firm.

Any contractor who contravenes the notification requirement under the Air Pollution Control (Construction Dust) Regulation commits an offence and is liable on conviction to a fine of HK$25,000 for the first offence and to a fine of HK$50,000 for a second or subsequent offence. Any contractor who contravenes the dust control requirements under the Air Pollution Control (Construction Dust) Regulation commits an offence and is liable on conviction to a fine of HK$50,000 for the first offence and to a fine of HK$100,000 and to imprisonment for 3 months for a second or subsequent offence, and in addition, if the offence is continuing, to a fine of HK$10,000 for each day during which the offence continues.

However, notifiable works do not include certain types of construction works, such as renovation, maintenance and alteration work carried out entirely within the external walls and under the roof of a building, and do not require prior notification to the Environmental Protection Department before the commencement of the work or compliance with the specified dust control requirements.

Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong)

The construction activities carried out during the fit-out process of our projects may generate noise pollution, and as such the construction works carried out by our subcontractors must comply with the Noise Control Ordinance.

Under the Noise Control Ordinance, noisy construction work and the use of powered mechanical equipment in populated areas are not permitted between 7 p.m. and 7 a.m. or at any time on general holidays, unless with a construction noise permit and the prior approval of the Noise Control Authority. For construction activities that are to be carried out during restricted hours, construction noise permits are required from the Noise Control Authority in advance.

Any person who carries out noisy construction work without a construction noise permit commits an offence and shall be liable to a fine of HK$100,000 on the first conviction and to a fine of HK$200,000 on a second or subsequent conviction and in any case to a fine of HK$20,000 for each day during which the offence continues.

Construction Industry Council Ordinance (Chapter 587 of the Laws of Hong Kong)

All contractors in the construction industry in Hong Kong executing construction operations are subject to the Construction Industry Council Ordinance.

In accordance with Section 32 of the Construction Industry Council Ordinance, a Construction Industry Levy at the rate of 0.5% is imposed in respect of all construction operations carried out in Hong Kong with a total value exceeding HK$1 million. Such levy is payable by the contractor executing the construction operations and it is the duty of the contractor to pay the proportionate Construction Industry Levy to the Construction Industry Council.

Construction operations include, among other things, building works; construction, alteration, repair, maintenance, extension, demolition or dismantling of buildings or structures, power-lines, telecommunications apparatus or pipelines; supply and installation of fittings or equipment in any building or structures; supply and installation of fittings or equipment in any building or structures; external or internal cleaning of any buildings or structures; painting or decorating any external or internal surfaces or parts of any buildings or structures; and operations which form an integral part of, or are preparatory to any of the above operations.

Buildings Ordinance (Chapter 123 of the Laws of Hong Kong)

It is the responsibility of our customers to obtain prior approval and consent from the Building Authority prior to the commencement of works and it is the responsibility of our subcontractors to employ only Registered General Building Contractors to carry out such works in accordance with the Buildings Ordinance.

The Buildings Ordinance regulates the planning, design and construction of buildings and associated works. It provides that before to the commencement of any building works: (i) prior approval and consent from the Building Authority must be obtained; (ii) authorised persons, such as architects, engineers and surveyors registered under the Buildings Ordinance, must be appointed to coordinate the works, prepare and submit plans for the approval from the Building Authority; (iii) registered professionals must be appointed to design and supervise the works; and (iv) registered contractors must be appointed to carry out the works. Such approval and consent from the Building Authority and proper appointments are the responsibilities of the owners of the premises of our projects.

Under Section 14(1) of the Buildings Ordinance, our subcontractors may not commence or carry out any building works, including alteration, addition and every type of building operation without our customers having obtained prior approval and consent from the Building Authority and the proper appointments having been made. However, building works (other than draining works, ground investigation in the scheduled areas, site formation works and minor works) in any building are exempt from the requirement for approval and consent from the Building Authority if the works do not involve the structure of the building.

If building works fall within the purview of Section 41(3), such works must further comply with the building standards specified in the relevant Building Regulations as empowered under the Building Ordinance. The Buildings Ordinance also requires that any authorised person of the buildings works must be appointed by the ultimate beneficiary of the works, the employer of the works or the contractor.

The Buildings Ordinance also establishes, among others, a general building contractors' register, in which registered general building contractors may carry out general building works and street works which are not designated by the Building Authority as a category of specialised works (including, demolition works, foundation works, ground investigation field works, site formation works and ventilation works) specifically designated for registered specialist contractors. A building owner is required to appoint a registered general building contractor from the general building contractors' register corresponding to the category of building works to be carried out.

Under Section 8B(2) of the Buildings Ordinance, an applicant for registration as a general building contractor or specialist contractor must satisfy the Buildings Department on the following aspects: (i) if it is a corporation, the adequacy of its management structure; (ii) the appropriate experience and qualifications of its personnel; (iii) its ability to have access to plant and resources; and (iv) the ability of the person appointed to act for the applicant for the purposes of the Buildings Ordinance to understand building works and street works through relevant experience and a general knowledge of the basic statutory requirements.

Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong)

It is the responsibility of our subcontractors to only employ registered construction workers to personally carry out the fit-out works of our projects and comply with Construction Workers Registration Ordinance. The Construction Workers Registration Ordinance provides for, among other things, the registration of construction workers and the regulation of construction workers personally carrying out construction work. Under the Construction Workers Registration Ordinance, a person shall not personally carry out on a construction site construction work unless the person is a registered construction worker of the Registrar of Construction Workers. Likewise, principal contractors, subcontractors, employers and/or controllers of the construction site are required to employ only registered construction workers.

A principal contractor is defined as the person who undertakes on the site construction work under a contract, or term contract for maintenance, that is entered into by the person directly with an owner, occupier or developer of the property within the site; or an agent or architect, surveyor or engineer of such an owner, occupier or developer. A subcontractor is defined as any person who enters into a contract with another person (whether or not the principal contractor) to undertake all or any part of the construction work that the principal contractor has undertaken. A controller is defined as a principal contractor for the site or, if there is no principal contractor for the site, any person who has control over, or is in charge of, the site.

Any person who employs a person who is not a registered construction worker to personally carry out construction work on a construction site shall be guilty of an offence and shall be liable on conviction to a maximum fine of HK$50,000.

In addition, pursuant to the Construction Workers Registration Ordinance, a controller of a construction site is required to establish, maintain and furnish the Registrar of Construction Workers a daily site attendance record in the form specified in the Construction Workers Registration Ordinance, containing information on the registered construction workers employed by the controller or, if he is the principal contractor, his subcontractor, for the period of 7 days after any construction work begins on the site, and for each successive period of 7 days, within two business days following the last day of the period concerned.

Building (Minor Works) Regulation (Chapter 123N of the Laws of Hong Kong)

The Building (Minor Works) Regulation is a subsidiary legislation under the Buildings Ordinance and establishes a minor works control system which regulates the subcategory of minor works carried out in Hong Kong. Smart Will and Best Famous are Registered Minor Works Contractors under the Building (Minor Works) Regulation. For more details, please refer to the section headed "Business – Licenses and permits – Qualifications" to this prospectus.

Under the minor works control system, prior approval of relevant building plans and consent to commence work by the Buildings Authority must be acquired before any minor works are dispensed with. Further, the minor works control system provides the required qualifications of personnel undertaking minor works, and such minor works practitioners must be registered as a Registered Minor Works Contractors.

Minor works are classified into 3 categories according to their nature, scale and complexity and the risk to safety they pose. The required qualifications of personnel undertaking minor works depend on the category of minor works the works falls under.

Minor works falling within Class I are relatively complicated, involve higher technical experience and stringent supervision, and thus require the appointment of an authorised person (such as a prescribed building professional and where necessary, may include a registered structural engineer and/or a registered geotechnical engineer) as well as a prescribed registered contractor to oversee the works. Class II and Class III may both be carried out by registered contractors (including registered general building contractors and registered specialist contractors under the Buildings Ordinance and Registered Minor Works Contractors) without the involvement of an authorised person.

The Building Authority must be notified of the commencement of projects involving Class I and Class II minor works items, in the specified form with prescribed plans, supporting document and site photos, which must be submitted at least 7 days before commencement of the works concerned. For projects in which only Class III minor works are involved, it is not necessary to notify the Building Authority of commencement of the projects as required for Class I and Class II minor works.

Our Group may be considered a principal contractor or controller under the Construction Workers Registration Ordinance, depending on the works involved, and as such may be held liable on conviction to a fine of up to HK$100,000 if it is proved that we (i) arranged for works to be commenced or carried out; and (ii) knowingly failed to appoint a building professional and/or registered contractor (as the case may be).

There has been no contravention of the Construction Workers Registration Ordinance by our Group during the Track Record Period.

Waterworks Ordinance (Chapter 102 of the Laws of Hong Kong)

Our subcontractors are required to ensure that the construction, installation, alteration or removal of a fire service or inside service is carried out with the written permission of the Water Authority in accordance with the Waterworks Ordinance. However, the written permission requirement under the Waterworks Ordinance may be waived if the alterations to a fire service or inside service are, in the opinion of the Water Authority, of a minor nature.

Fire services are defined as the pipes and fittings in premises, and any pipes and fittings between the premises and a connection to the main, which are used or are intended to be used for a supply solely for the purposes of fire fighting, and inside services are defined as the pipes and fittings in premises, and any pipes and fittings between the premises and a connection to the main, (other than the pipes and fittings forming part of a fire service) which are used or are intended to be used for the purposes of a supply.

The Waterworks Ordinance also provides that no fire service or inside service shall be constructed, installed, maintained, altered, repaired or removed by a person other than a licensed plumber or a public officer authorised by the Water Authority. In constructing or installing a fire service or inside service in a premises, such construction or installation shall be carried out in such manner as may be prescribed and the nature, size and quality of the pipes and fittings of the fire service or inside service shall be as prescribed by the Water Authority.

However, alterations or repairs to a fire service or inside service which are, in the opinion of the Water Authority, of a minor nature, or the rewashering of a tap, may be carried out by a person other than a licensed plumber or a public officer authorised by the Water Authority.

Any person who is guilty of any of the above offences pursuant to the Waterworks Ordinance shall be liable on summary conviction to a fine of HK$25,000.

HISTORY AND DEVELOPMENT

The history of our Group can be traced back to August 1996 when Mr. Chan, our Chairman and one of our Controlling Shareholders, established Globe Sense, with his personal savings and a vision of providing integrated interior design and fit-out services to residential customers. Under the leadership and effort of Mr. Chan and other members of our management team, our Group established Smart Will, Best Famous and New Base in December 2003, January 2008 and August 2014, respectively, to carry out interior design and fit-out services alongside Globe Sense. In 2009, our Group began to devote resources to marketing and develop our "DIC" brand for the provision of interior design and fit-out service as our Directors considered that our establishing well-recognised brand was crucial to our development.

In response to the challenging business environment, when we experienced a decline in revenue in the financial years ended 31 March 2013 and 2014, we adopted stringent cost control measures on our direct costs, administrative and other operating expenses. As our sales began to pick up in 2015, our profitability further improved and our Directors consider that this was the combined results from the accumulative measures implemented and our marketing effort over the years which helped us to establish a "DIC" brand with a long history which is one of our competitive strength. For details, please refer to the section headed "Business – Competitive strengths – We have developed the "DIC" brand with long history" in the Prospectus. As at the Latest Practicable Date, our Group has 5 branches in Hong Kong.

BUSINESS DEVELOPMENT AND MILESTONES

The following illustrates certain key milestones and achievements in the business development of our Group:

Year	Key milestones
1996	In August, Globe Sense was established
2003	In November, Globe Sense was accredited with the ISO 9001:2000 quality management system standard
	In December, Smart Will was established
2004	In November, our workshop in Fo Tan was established
2007	In November, our Mong Kok branch was established
2008	In January, Best Famous was established
	In April, our brand "Design Information Centre" was further accredited with the ISO 14001:2004 environmental management system standard

	In July, our Wan Chai branch was established
2009	In June, our Sha Tin branch was established
2010	In March, our brand "Design Information Centre" was accredited with the OHSAS 18001:2007 occupational health and safety management system specification
	We were a participating organisation in the Hong Kong CSR Advocate Index, which was jointly organised by the Hong Kong Quality Assurance Agency and the Hongkong and Shanghai Banking Corporation Limited. Such index was designed with reference to the ISO 26000, a standard on the guidance on social responsibility of organisations
2014	In August, New Base was established to further expand our business
2015	In March, our Tsuen Wan branch was established
2016	In May, our Kwun Tong branch was established

OUR GROUP

Our Group consists of a number of direct and indirect subsidiaries incorporated in Hong Kong and the Seychelles. Details and the corporate history of our Company and each of its respective subsidiaries are set out below.

OUR COMPANY

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 17 February 2016 with an authorised share capital of HK$380,000 divided into 38,000,000 Shares at a par value of HK$0.01 each. On 17 February 2016, one nil-paid Share was allotted and issued to the initial subscriber to the memorandum and articles of association of our Company, which was subsequently transferred to Chun Wah on 17 February 2016.

On 24 March 2017, our Company (i) credited 1 nil-paid Share held by Chun Wah as fully paid and (ii) further allotted and issued 599,999,999 Shares, credited as fully-paid, to Chun Wah in consideration for the acquisition of the entire issued share capital in Kingsky Group from Chun Wah. Immediately following the above allotment and share transfer, our Company was owned as to 100% by Chun Wah.

Following the completion of the Reorganisation and taking into account the further change in our Company's share capital set out in this section, our Company became the holding company of our subsidiaries and the entire issued share capital of our Company was held as to 100% by Chun Wah (an investment holding company wholly-owned by Mr. Chan).

As at the Latest Practicable Date, our Company acted as the holding company of our Group with its business being conducted through the principal operating subsidiaries of our Group, namely Globe Sense, Smart Will, Best Famous, New Base and Fame Protector.

OUR SUBSIDIARIES

Kingsky Group

Kingsky Group was incorporated in the Seychelles with limited liability on 12 October 2015 with an authorised share capital of US$1,000,000 divided into 1,000,000 shares of US$1.00 each*(Note)*. On 10 November 2015, one fully-paid ordinary share of Kingsky Group, representing the entire issued share capital in Kingsky Group, was allotted and issued at par to Chun Wah. On 29 April 2016, 99 shares of Kingsky Group were further allotted and issued to Chun Wah, credited as fully-paid, in consideration of the acquisition of 100%, 100%, 100% and 75% of the issued share capital of Globe Sense, Smart Will, Best Famous and New Base by Kingsky Group from Mr. Chan, respectively. Kingsky Group is an investment holding company.

Fame Protector

Fame Protector was incorporated in the Seychelles with limited liability on 4 January 2016 with an authorised share capital of US$1,000,000 divided into 1,000,000 shares of US$1.00 each. On 20 May 2016, 100 fully-paid ordinary shares of Fame Protector, representing the entire issue share capital in Fame Protector, were allotted and issued at par to Kingsky Group. Fame Protector is an investment holding company.

Globe Sense

Globe Sense was incorporated in Hong Kong with limited liability on 23 May 1996 with an authorised share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each.

On 23 May 1996, each of the two initial subscribers subscribed one fully paid ordinary share of Globe Sense. On 9 August 1996, each of the initial subscribers transferred one and one share of Globe Sense to Mr. Chan and Ms. Wong (who held the share on trust as nominee of Mr. Chan), respectively, at nominal value. On 13 August 1998, 998 shares were allotted and issued at par to Mr. Chan. On 13 October 1998, Ms. Wong transferred her one share to Kenson Management Limited at nominal value. On 20 February 2002, Kenson Management Limited transferred its one share to A-Grade Management Limited at nil consideration. On 11 December 2015, A-Grade Management Limited transferred its one share to Mr. Chan at nil consideration.

To the best knowledge of the Directors, Kenson Management Limited and A-Grade Management Limited are corporate service companies and Independent Third Parties to our Group. Mr. Chan has beneficially owned the entire issued share capital of Globe Sense since 9 August 1996. Globe Sense commenced business in August 1996 and is our subsidiary which enter into contracts with customers for interior design and fit-out services.

Note: The Group consider that the filing requirements of Seychelles companies is lenient and the costs of maintaining a Seychelles company is low.

Smart Will

Smart Will was incorporated in Hong Kong with limited liability on 10 December 2003 with an authorised share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each.

On 10 December 2003, each of the two initial subscribers subscribed one fully paid ordinary share of Smart Will. On 12 December 2003, each of the initial subscribers transferred one and one share of Smart Will to Mr. Chan and A-Grade Management Limited (which held the share on trust as nominee of Mr. Chan), respectively, at nominal value. On 12 December 2003, 998 shares were allotted and issued at par to Mr. Chan. On 23 June 2004, Mr. Chan transferred his 998 shares to Shirlaw Limited at nil consideration and A-Grade Management Limited transferred its one share to Shirlaw Limited at nominal value. On 23 January 2008, Shirlaw Limited transferred all its shares, being 999 shares, to Mr. Chan at nil consideration.

To the best knowledge of the Directors, Shirlaw Limited and A-Grade Management Limited are corporate service companies and Independent Third Parties to our Group. Mr. Chan has beneficially owned the entire issued share capital of Smart Will since 12 December 2003. Smart Will commenced business in December 2003 and takes up the interior design works of the interior design and fit-out projects.

Best Famous

Best Famous was incorporated in Hong Kong with limited liability on 8 January 2008 with an authorised share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each. Upon incorporation, 99 and one fully paid ordinary shares were allotted and issued at par to Mr. Chan and a nominee, who is an Independent Third Party, of Mr. Chan, respectively. On 19 February 2016, the nominee transferred her one share to Mr. Chan at nominal value.

Mr. Chan has beneficially owned the entire issued share capital of Best Famous since its incorporation. Best Famous commenced business in October 2010 and is our subsidiary which engages contractors for our projects.

New Base

New Base was incorporated in Hong Kong with limited liability on 5 August 2014 with an issued share capital of HK$100 divided into 100 shares of HK$1.00 each.

On 5 August 2014, the initial subscriber subscribed one fully-paid ordinary share of New Base. On 9 January 2015, the initial subscriber transferred its one share of New Base to Mr. Chan at nominal value. On 9 January 2015, 74 and 25 shares were allotted and issued at par to Mr. Chan and Mr. Lui, respectively. After the aforesaid transfers and immediately prior the Reorganisation, New Base was owned as to 75% and 25% by Mr. Chan and Mr. Lui, respectively. New Base commenced business in April 2015 and provides supervision of fit-out services to the projects secured by our Tsuen Wan branch or referred by Mr. Lui.

Prior to becoming a shareholder and director of New Base, Mr. Lui worked as a sales representative from October 2004 to May 2005, a designer from April 2006 to November 2009 and a design manager from December 2009 to February 2015 for Smart Will. After working at Smart Will for nearly 9 years, Mr. Lui expressed his intention to resign from his position as a design manager at Smart Will in early 2015. Mr. Chan, our Chairman and Controlling Shareholder, having considered Mr. Lui's experience, invited Mr. Lui to invest in New Base in order to further develop the business of selling fitting-out materials in addition to our interior design and fit-out service. Mr. Lui decided to invest in New Base as he is familiar with the management of the Group and he is confident in the prospect of the Group's business. Save for being a shareholder and a director of New Base, Mr. Lui is independent from any Directors, senior management, or substantial shareholders of our Group.

Mr. Lui is responsible for overall strategic management, development of business operations and the day-to-day management and operation of New Base.

According to our Group's arrangement, Globe Sense is our subsidiary which enters into contracts with customers for interior design and fit-out services and will then subcontract all the projects to Smart Will. Smart Will will take up the interior design works of the projects and will only subcontract the relevant fit-out works to Best Famous. Best Famous will engage contractors and further subcontract all the fit-out works to either New Base or that of other independent contractors. Our Directors consider that such subcontracting arrangement can segregate different job duties to different operating subsidiaries to achieve a more effective management and better accountability among the subsidiaries. Best Famous will only subcontract the fit-out works of those projects secured by our Tsuen Wan branch or referred by Mr. Lui to New Base. Other than New Base, none of our wholly-owned subsidiaries performs supervision of fit-out works for our projects. In addition, New Base will only perform supervision of fit-out works for the projects secured by our Group. As such, our Directors consider that the subcontracting arrangement between Best Famous and New Base would not render any material competition and/or conflict of interests between New Base and our wholly-owned subsidiaries.

To govern the allocation of business and resources between New Base and our wholly-owned subsidiaries, Mr. Lui has confirmed to our Group and agreed that New Base will only be involved in projects secured by our Tsuen Wan branch or those referred by him. Mr. Lui has further confirmed that he will not conduct businesses that will be in competition with our Group or solicit business away from our Group. In addition, our Group has implemented measures to ensure the subcontracting fee charged by New Base is in accordance to prevail market price, including (i) regularly comparing the quotations issued by New Base and other fitting-out works independent contractors; (ii) involving in the operation of New Base and reviewing the operating expenses incurred by New Base; and (iii) ensuring our wholly-owned subsidiaries have captured a reasonable layer of profit for the interior design works before subcontracting to New Base. Furthermore, our Directors are of the view that emolument and other benefits paid to Mr. Lui as a director of New Base are reasonable.

REORGANISATION

Our Group underwent the Reorganisation prior to the Share Offer to rationalise out our Group's structure in preparation for the Share Offer. The major steps of our Reorganisation are summarised as follows:

1. Incorporation of Kingsky Group

On 12 October 2015, Kingsky Group was incorporated in the Seychelles and is authorised to issue a maximum of 1,000,000 shares of US$1.00 each. One fully-paid ordinary share of Kingsky Group, representing the entire issued share capital of Kingsky Group at the relevant time, was allotted and issued at par to Chun Wah on 10 November 2015.

2. Incorporation of Fame Protector

On 4 January 2016, Fame Protector was incorporated in the Seychelles*(Note)* and is authorized to issue a maximum of 1,000,000 shares of US$1.00 each. 100 fully-paid ordinary shares of Fame Protector, representing the entire issue share capital in Fame Protector, were allotted and issued at par to Kingsky Group on 20 May 2016.

3. Incorporation of our Company

Our Company was incorporated on 17 February 2016 in the Cayman Islands with limited liability and with an authorised share capital of HK$380,000 divided into 38,000,000 Shares at a par value of HK$0.01 each. One nil-paid Share was allotted and issued to the initial subscriber to the memorandum and articles of association of the Company, which was subsequently transferred to Chun Wah on 17 February 2016.

4. Acquisition of Best Famous

On 28 April 2016, Mr. Chan, as vendor, and Kingsky Group, as purchaser, entered into a sale and purchase agreement, pursuant to which Kingsky Group acquired an aggregate of 100 shares in Best Famous (representing the entire issued share capital of Best Famous) in consideration of which Kingsky Group issued and allotted 25 shares in Kingsky Group, credited as fully-paid, to Chun Wah. The said consideration was settled on 29 April 2016. Following the completion of the aforesaid share transfer, Best Famous became a wholly-owned subsidiary of Kingsky Group.

5. Acquisition of Smart Will

On 28 April 2016, Mr. Chan, as vendor, and Kingsky Group, as purchaser, entered into a sale and purchase agreement, pursuant to which Kingsky Group acquired an aggregate of 100,000 shares in Smart Will (representing the entire issued share capital of Smart Will) in consideration of which Kingsky Group issued and allotted 24 shares in Kingsky Group,

Note: The Group consider that the filing requirements of Seychelles companies is lenient and the costs of maintaining a Seychelles company is low.

credited as fully-paid, to Chun Wah. The said consideration was settled on 29 April 2016. Following the completion of the aforesaid share transfer, Smart Will became a wholly-owned subsidiary of Kingsky Group.

6. Acquisition of Globe Sense

On 28 April 2016, Mr. Chan, as vendor, and Kingsky Group, as purchaser, entered into a sale and purchase agreement, pursuant to which Kingsky Group acquired an aggregate of 1,000 shares in Globe Sense (representing the entire issued share capital of Globe Sense) in consideration of which Kingsky Group issued and allotted 25 shares in Kingsky Group, credited as fully-paid, to Chun Wah. The said consideration was settled on 29 April 2016. Following the completion of the aforesaid share transfer, Globe Sense became a wholly-owned subsidiary of Kingsky Group.

7. Acquisition of New Base

On 28 April 2016, Mr. Chan, as vendor, and Kingsky Group, as purchaser, entered into a sale and purchase agreement, pursuant to which Kingsky Group acquired an aggregate of 75 shares in New Base (representing 75% of the issued share capital of New Base) in consideration of which Kingsky Group issued and allotted 25 shares in Kingsky Group, credited as fully-paid, to Chun Wah. The said consideration was settled on 29 April 2016. Following the completion of the aforesaid share transfer, New Base became a non wholly-owned subsidiary of Kingsky Group.

8. Acquisition of Kingsky Group

On 24 March 2017, the Company resolved to increase its authorised share capital from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$10,000,000 divided into 1,000,000,000 Shares of HK$0.01 each by the creation of an additional 962,000,000 Shares.

Chun Wah (as a vendor and warrantor), Mr. Chan (as a warrantor), Kingsky Group and the Company entered into a share swap deed pursuant to which the Company acquired 100 shares in Kingsky Group (representing the entire issued share capital of Kingsky Group) from Chun Wah, and as consideration, the Company (i) credited as fully-paid the 1 nil-paid Share held by Chun Wah and (ii) issued and allotted 599,999,999 Shares in the Company, credited as fully-paid, to Chun Wah. The above share swap was completed on 24 March 2017.

After the aforesaid transactions, the Company became the holding company of Kingsky Group, Fame Protector, Best Famous, Smart Will, Globe Sense and New Base, and Chun Wah became the shareholder of the entire issued share capital of the Company with respective shareholdings of 600,000,000 Shares in the Company.

9. Share Offer after Completion of the Reorganisation

Our Company will offer 200,000,000 Offer Shares under the Share Offer for subscription by professional, institutional and other investors, representing a total of 25% of the enlarged issued share capital of our Company upon Listing.

Immediately following completion of the Share Offer, the Offer Shares represented 25% of the Company's enlarged issued share capital, while Chun Wah held 600,000,000 Shares, representing 75% of the enlarged issued share capital of the Company respectively.

EXCLUDED BUSINESS

Pursuant to the Reorganisation, Smart Will (Macau) is not included in our Group. Set out below are the details of Smart Will (Macau).

Smart Will (Macau)

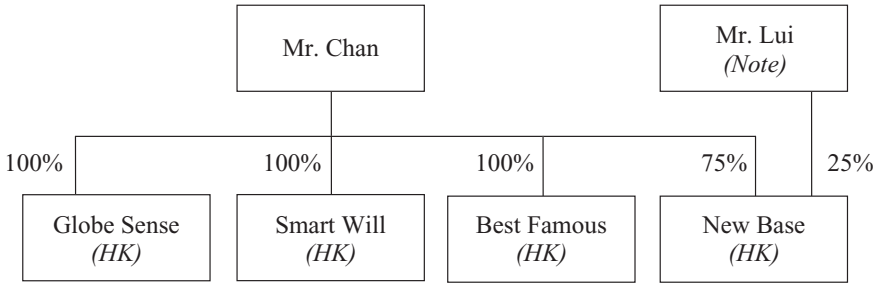
Smart Will (Macau) was incorporated in Macau on 29 November 2004 and has a paid-up capital of MOP25,000 (approximately HK$24,000). Its principal business is to provide interior design and fit-out services to customers in Macau. According to its management accounts, Smart Will (Macau) recorded net losses of approximately MOP339,000 (approximately HK$329,000) and MOP562,000 (approximately HK$545,000) for the years ended 31 December 2014 and 2015, respectively. Smart Will (Macau) recorded net liabilities for the years ended 31 December 2014 and 2015 of approximately MOP2,198,000 (approximately HK$2,133,000) and approximately MOP2,774,000 (approximately HK$2,692,000), respectively.

Having considered that (i) Smart Will (Macau) has its own operational management staff independent of our Group in relation to their core business operations; and (ii) the business of Smart Will (Macau) is generally loss-making, Smart Will (Macau) was not included in our Group pursuant to the Reorganisation.

On 19 May 2016, pursuant to a share transfer agreement, an Independent Third Party acquired 96% of the issued share capital of Smart Will (Macau) from Mr. Chan at a consideration of MOP24,000 (approximately HK$23,300). The said consideration was settled on 19 May 2016. The said share capital transfer was completed on 19 May 2016 and registered in the relevant government department in Macau on 16 June 2016.

GROUP STRUCTURE PRIOR TO THE REORGANISATION

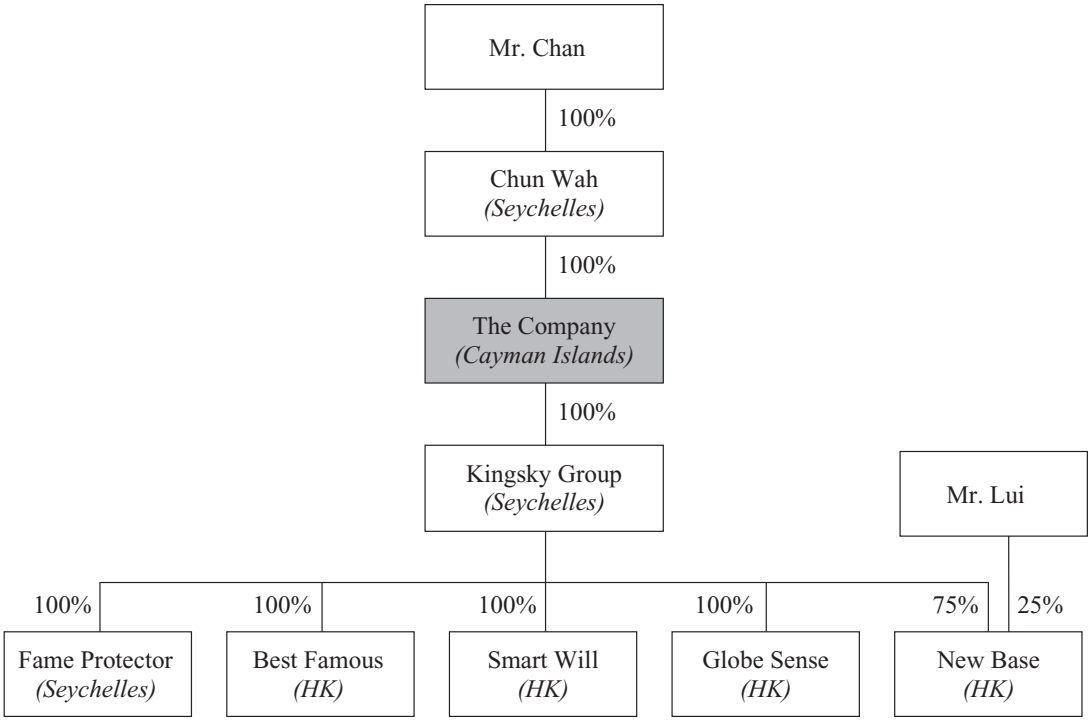
As part of the Reorganisation, a number of share transfers had been effected and pursuant to which our Company became the holding company of our Group. The following chart sets out the corporate structure of our Group immediately before the Reorganisation:



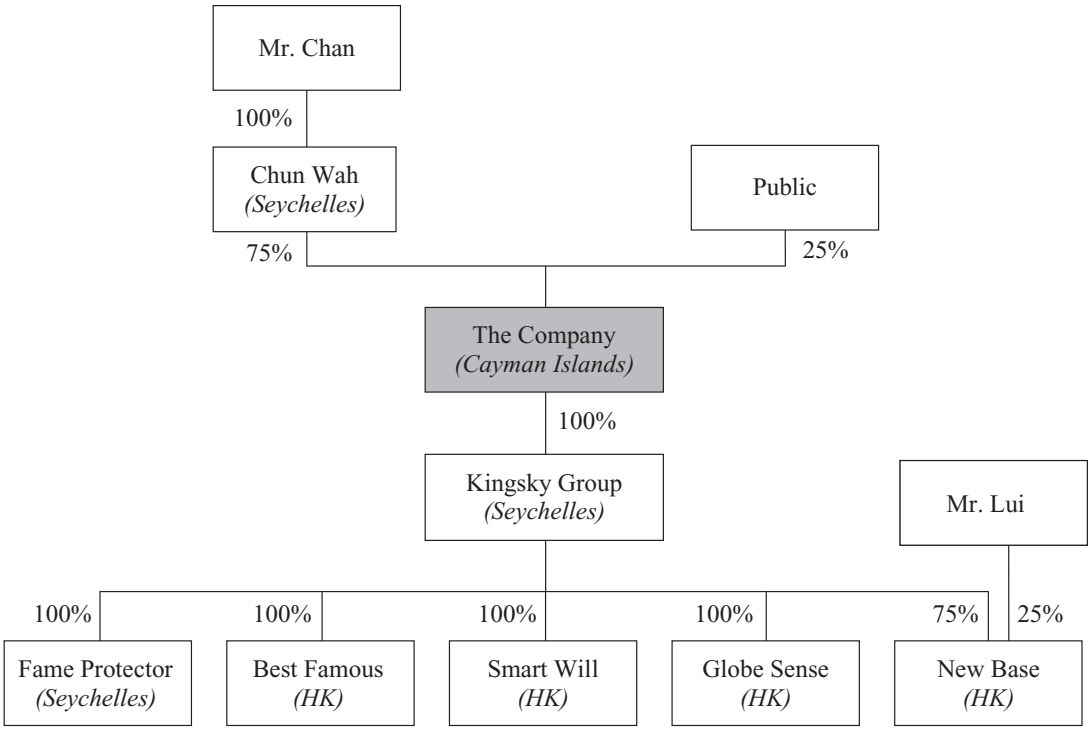
Note: Mr. Lui is also a director of New Base.

GROUP STRUCTURE PURSUANT TO THE REORGANISATION

The following chart sets out the corporate structure of our Group immediately after completion of the Reorganisation but before completion of the Share Offer:



The following chart sets out the corporate structure of our Group immediately after completion of the Share Offer (without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme):



Lock-up undertakings

Each of our Controlling Shareholders, namely Chun Wah and Mr. Chan, has undertaken to our Company that, it/he will not, at any time during the 24-month period following the Listing Date (the first 12 months of which is required under Rule 13.16A of the GEM Listing Rules while the second 12 months of which is provided to our Company voluntarily by the Controlling Shareholders and can only be waived by majority of the independent Shareholders), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it or he is shown by this prospectus to be the beneficial owner if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interest or encumbrances, it/he would cease to be a Controlling Shareholder. Please refer to the sections headed "Relationship with our Controlling Shareholders – Lock-up undertakings by our Controlling Shareholders" and "Underwriting – Voluntary lock-up undertakings by our Controlling Shareholders" in this prospectus for further details.

OVERVIEW

Founded in 1996, we have over 20 years of experience in the provision of interior design and fit-out services in Hong Kong. We offer a full suite of services ranging from interior design provided by our in-house design team, whom provides our customers with creative and innovative designs that synergise with the latest market and design trends, to high quality fittings and furnishings and the implementation of our designs performed by our subcontractors. As at the Latest Practicable Date, we provide our services through 5 branches in Hong Kong under our brand "DIC". Our business can be categorised into residential interior design and fit-out services and commercial interior design and fit out services. During the Track Record Period, we generated revenue of approximately HK$101,878,000, HK$118,348,000 and HK$90,296,000 respectively, of which approximately HK$89,798,000, HK$104,644,000 and HK$77,993,000, representing 88.1%, 88.4% and 86.4% of our total revenue were generated from residential interior design and fit-out projects. Approximately HK$12,080,000, HK$13,048,000 and HK$11,103,000, representing 11.9%, 11.0% and 12.3% of our total revenue were generated from commercial interior design and fit-out projects.

COMPETITIVE STRENGTHS

Our Group enjoys a few competitive advantages in the residential interior design industry in Hong Kong. Marketing and branding is one of our key strengths as we experienced growth even when the customer value spent on residential interior design and fit-out services has declined slightly between 2014 and 2016 according to the Euromonitor Report. As most of our customers are new customers and we do not actively source for customers, our Directors believe that this performance is accredited to the effective marketing efforts done by our Group, which includes online and traditional advertising, and involvement in television programmes. Our Group has incurred advertising expenses of approximately 3.0%, 3.4% and 2.7% of total revenue for the years ended 31 March 2015 and 2016 and the eight months ended 30 November 2016, respectively. In view of the performance of our Group in the past few years, our Directors aim to increase advertising expenses by utilising proceeds from our Listing, which will further strengthen our competitive strength.

We have developed the "DIC" brand with long history

We market our services mainly under the "DIC" brand, and through years of marketing efforts, this brand has gained recognition in Hong Kong. In 2015, our Group was awarded the "2015 TVB Weekly Brand Award" for being the most popular interior design company. Our designs have also been showcased on several television programmes, providing interior design insights and ideas. As a result, we enjoy a high level of publicity and exposure through our brand and services among retail consumers throughout Hong Kong. In addition, we have adopted an efficient marketing strategy by maintaining our website *www.dic.hk* through which we promote our brand and services by providing ideas and information on design and renovation to our potential customers. The recognition of our brand is important to our growth as it provides assurance and confidence as to our quality and services to our customers.

We have a network of business locations throughout Hong Kong and our branches are strategically located

As at the Latest Practicable Date, we have 5 branches in Hong Kong. They are located in Wan Chai, Mong Kok, Kwun Tong, Sha Tin and Tsuen Wan. Our extensive network of business locations enable us to approach and capture target customers from the key areas of Hong Kong Island, Kowloon and New Territories. We selected these locations strategically as our Directors believe that they provide the best convenience for customers across Hong Kong to access.

We offer one-stop integrated interior design and fit-out solutions

We provide a full suite of interior design solutions and integrated services for our customers including design, fit-out, procurement of furnishings and materials, and the overall project management and implementation. We believe this one-stop integrated services approach provides our customers convenience and is cost saving as it relieves them from searching for multiple suppliers to provide every type of service required for interior design and fit-out. Furthermore, with our one-stop integrated services approach, we are able to manage and coordinate different aspects of a project comprehensively, provide attentive services according to the customers' preferences and deliver results that meets our customers' expectations.

We have a strong, experienced and competent management team

We are led by our Mr. Chan, our Chairman and executive Director, who is supported by our management team which Mr. Siu, our chief executive officer, heads. Mr. Chan has over 20 years of experience in the interior design and fit-out industry. Our management team, in-house designers and members of our project management team are all well-trained and experienced in their respective areas of competence. We believe that a strong, experienced and competent management team is the key to our success. Please refer to the section headed "Directors, Senior Management and Employees" for the background and experience of Mr. Chan and other members of our senior management team.

We maintain good relationship with our subcontractors

Our Group has established and maintained a good relationship with our subcontractors that we selected carefully, and as at the Latest Practicable Date, we have a pool of 68 subcontractors from which we can select for carrying out various types of works for each project and approximately 28 of them have business relationships with our Group for over five years. Our good relationships with our subcontractors enable us to complete our projects on a timely and reliable basis, and consistent with the project requirements.

BUSINESS STRATEGIES

The key elements of our strategies for achieving sustainable growth in our business are as follows:

Strengthen our market position in Hong Kong

We plan to strengthen our market position by improving our business coverage in Hong Kong and to strengthen our relationships with our customers. We plan to improve our business coverage in Hong Kong by establishing additional branches so that our target customers can conveniently reach our branches. For instance, we opened a branch in Kwun Tong in May 2016, which we consider to be a major market, and subject to future market condition and such other factors which our management consider relevant, we plan to open another branch in Quarry Bay in mid 2019. In line with our branch expansion strategy, we intend to purchase commercial properties to reduce our increasing rental cost. We believe that Tsuen Wan, which is a major market based on our previous experience, will require a permanent office. In this regard, we intend to purchase a new office thereupon the expiration of our existing lease in Tsuen Wan. We are also planning to purchase a property in Quarry Bay in mid 2019 to establish a branch there, where we believe these property purchases will lower our rental expenses. Aside from saving cost, our business relies on retail customers and hence a presentable customer service area is important. If we are required to move frequently upon expiration of the lease/tenancy of our rented offices, our potential customers may lose confidence in us as we are not able to present an image of a stable interior design and fit-out service provider, which we always considered as one of the key strengths we have over small subcontractors.

Promote our brand, improve brand recognition and strengthen our marketing efforts

We intend to build upon our existing marketing efforts to further promote our brand and increase our market share by enhancing awareness of our "" brand in the interior design and fit-out services industry, so that consumers in Hong Kong are able to easily relate the brand to quality and reliable interior design and fit-out services. In addition, we intend to strengthen our business development capability by enhancing our relationships with our customers and expand our customer base through marketing activities. For example, we intend to employ additional personnel to contact our customers for testimonials of our Group and produce a showcase of their properties. Our Directors believe that we can further expand and increase our market share by uplifting our marketing efforts as well as our market image as a quality services provider. Our plans to do so include (i) participating in more television programmes and interviews; (ii) engaging a celebrity that we have identified as our spokesperson; (iii) participating in events and exhibitions to promote our brand; (iv) preparing company brochures and marketing materials; and (v) enhancing our advertising through various marketing platforms. We also plan to develop a fleet of vehicles by purchasing five seven-seater vehicles that will provide transportation for our sales team and designers to visit customers' residences to provide a more immediate solution on how we should renovate the property. As most of our customers enquire with us through phone or online channels, there is a large number of customers who do not follow up with a visit to our branches whom we believe that we can capture by visiting their homes with design and product samples. In addition, our "" logo will be displayed on the vehicles for promotion

purpose. We believe that the implementation of the above would improve the public awareness of our brand and the quality of our service and hence strengthen our market position.

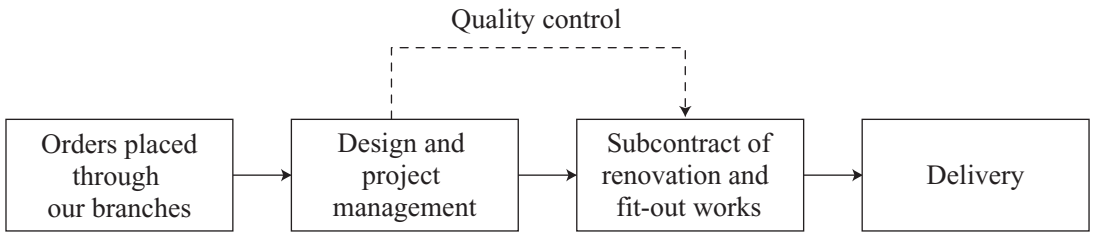
Continue to enhance our internal training and recruit talents to support future growth

We recognise that our business is highly dependent on the people providing services to our customers, therefore we are committed to continuously provide various trainings to our staff so as to raise our standard and quality of services. Aside from regular internal trainings and seminars, we will also organise various team building activities to build the morale of employees within our Group. This helps to instil a sense of belonging in our staff as they grow with our Group. In line with our growth and expansion strategy, we will also recruit additional employees, identify and hire innovative interior designers and engage experienced project managers and coordinators.

For further details on the implementation of the abovementioned strategies of our Group, please refer to the section headed "Business Objectives and Future Plans" in this prospectus.

OUR BUSINESS MODEL

We generate revenue from the provision of interior design and fit-out services to our customers through our branches in Hong Kong. Upon confirmation of an order, we undertake the interior design, project coordination and quality control of the project and our subcontractors undertake the renovation and fit-out works, with whom we closely coordinate to ensure the buildings and fit-out works satisfy our customers. Set out below is a brief description of our business model:



OUR BUSINESS

For the two years ended 31 March 2016 and the eight months ended 30 November 2016, our total revenue generated from our services were approximately HK$101,878,000, HK$118,348,000 and HK$90,296,000 respectively. We had 385, 446 and 361 projects for the two financial years ended 31 March 2016 and the eight months ended 30 November 2016, respectively. Our business can be classified into (i) residential interior design and fit-out services; and (ii) commercial interior design and fit-out services. During the Track Record Period, we also generated a small portion of revenue from the sale of tiles, flooring and ceramics, sanitary ware, bathroom amenities and accessories. Please refer to paragraph headed "Analysis of our business" below for detailed information.

Residential Interior Design and Fit-out Services

Our target customers for residential interior design and fit-out services are mid-level income group households and the primary emphasis of our works is to create a comfortable, functional and stylish living environment for our customers. In addition, we take into consideration their budget for the renovation works as well as their specific requests, such as sufficiency of storage spaces, safety concern for children or the elderly, balance of taste and preferences of different family members and planning for additional family members. We will make continuous efforts in marketing and promotion to further strengthen our market image in the provision of interior design and fit-out solutions provider for residential properties in Hong Kong.

Commercial Interior Design and Fit-out Services

Our target customers for commercial interior design and fit-out services are corporations, shops, restaurants and other commercial entities. The primary emphasis of our works is to create a functional and efficient working environment, and the design should correspond to the corporate image of our customers. In addition, we also need to consider the implication of laws and regulations that are applicable to our customers' business, as well as the limitation on timing and other requirements that are applicable to commercial premises.

Analysis of Our Business

The breakdown of our revenue and number of projects by business nature during the Track Record Period is as follows:

	For the year ended 31 March						For the eight months ended 30 November					
	2015			2016			2015			2016		
	Number of projects	Revenue	Percentage	Number of projects	Revenue	Percentage	Number of projects	Revenue	Percentage	Number of projects	Revenue	Percentage
		HK$'000	*%*		*HK$'000*	*%*		*HK$'000*	*%*		*HK$'000*	*%*
Residential interior design and fit-out projects	335	89,798	88.1	391	104,644	88.4	313	69,590	89.1	331	77,993	86.4
Commercial interior design and fit-out projects	50	12,080	11.9	55	13,048	11.0	35	8,069	10.3	30	11,103	12.3
Selling of fit-out materials	–	–	–	–	656	0.6	–	435	0.6	–	1,200	1.3
Total	385(1)	101,878(1)	100.0	446(2)	118,348(2)	100.0	348(3)	78,094(3)	100.0	361(4)	90,296(4)	100.0

Notes:

(1) Among the 385 interior design and fit-out projects, 170 projects involved only furnishing or repairing works. These projects contributed approximately 7.7% of the total revenue for the year ended 31 March 2015.

(2) Among the 446 interior design and fit-out projects, 200 projects involved only furnishing or repairing works. These projects contributed approximately 6.4% of the total revenue for the year ended 31 March 2016.

(3) Among the 348 interior design and fit-out projects, 153 projects involved only furnishing or repairing works. These projects contributed approximately 7.3% of the total revenue for the eight months ended 30 November 2015.

(4) Among the 361 interior design and fit-out projects, 158 projects involved only furnishing or repairing works. These projects contributed approximately 4.1% of the total revenue for the eight months ended 30 November 2016.

The table below illustrates the details of the movement of our Group's number of on-going and completed projects during the Track Record Period:

	For the year ended 31 March				For the eight months ended 30 November			
	2015		2016		2015		2016	
	Number of Projects	Contract Sum	Number of projects	Contract Sum	Number of Projects	Contract Sum	Number of projects	Contract Sum
		HK$'000		*HK$'000*		*HK$'000*		*HK$'000*
Ongoing projects brought forward	31	15,770	58	28,988	58	28,988	44	27,854
New projects awarded during the year/period	354	109,279	388	105,664	319	76,322	369	107,641
Less: Projects completed during the year/period	327	96,061	402	106,798	329	75,999	349	76,560
Less: Termination of variation orders	–	–	–	–	–	–	–	1,345
Ongoing projects carried forward	58	28,988	44	27,854	48	29,311	64	57,590

Analysis of Revenue by Branches

As at the Latest Practicable Date, our Group has a network of 5 branches in Hong Kong. The table below sets out the locations of our branches, and their respective revenue and number of projects during the Track Record Period:

	For the year ended 31 March						For the eight months ended 30 November					
	2015			2016			2015			2016		
Location of branches	Number of projects	Revenue	Percentage of revenue	Number of projects	Revenue	Percentage of revenue	Number of projects	Revenue	Percentage of revenue	Number of projects	Revenue	Percentage of revenue
		HK$'000	*%*		*HK$'000*	*%*		*HK$'000*	*%*		*HK$'000*	*%*
Hong Kong Island												
Room 904 and 905, 9th Floor, Siu On Centre, No. 188 Lockhart Road, Wan Chai *(note 3)*	158	51,445	50.5%	160	51,562	43.6%	115	28,606	36.6%	119	41,236	45.7%
Kowloon												
Units 1 and 2, 8th Floor, One Mong Kok Road Commercial Centre, No. 1 Mong Kok Road, Mong Kok	139	29,246	28.7%	132	42,015	35.5%	112	29,964	38.4%	68	17,946	19.9%
Unit No. 2905, 29/F Prosperity Place No. 6 Shing Yip Street Kwun Tong, Kowloon *(note 2)*	–	–	–	–	–	–	–	–	–	17	5,677	6.3%
New Territories												
Office H, 19/F Kings Wing Plaza 1, 3 On Kwan Street, Shek Mun, Sha Tin *(note 4)*	88	21,187	20.8%	134	19,998	16.9%	106	16,066	20.6%	135	19,035	21.1%
Workshop C2, 10th Floor TML Tower, No. 3 Hoi Shing Road, Tsuen Wan *(note 2)*	–	–	–	20	4,773*(note1)*	4.0%	15	3,458*(note1)*	4.4%	22	6,402*(note1)*	7.0%
Total	**385**	**101,878**	**100.0%**	**446**	**118,348**	**100.0%**	**348**	**78,094**	**100.0%**	**361**	**90,296**	**100.0%**

Notes:

1. The revenue consists of approximately HK$656,000, HK$435,000 and HK$1,200,000 generated from the selling of tiles, flooring and ceramics, sanitary ware, bathroom amenities and accessories for the year ended 31 March 2016 and the eight months ended 30 November 2015 and 2016, respectively.

2. Our Kwun Tong branch commenced business in May 2016, while our Tsuen Wan branch commenced business in March 2015.

3. Our Wan Chai branch relocated from 17th Floor, Chuang's Enterprises Building, No. 382 Lockhart Road, Wan Chai in May 2016.

4. Our Sha Tin branch relocated from Shop Unit 616, City Link Plaza, Sha Tin in June 2016.

Projects in Progress

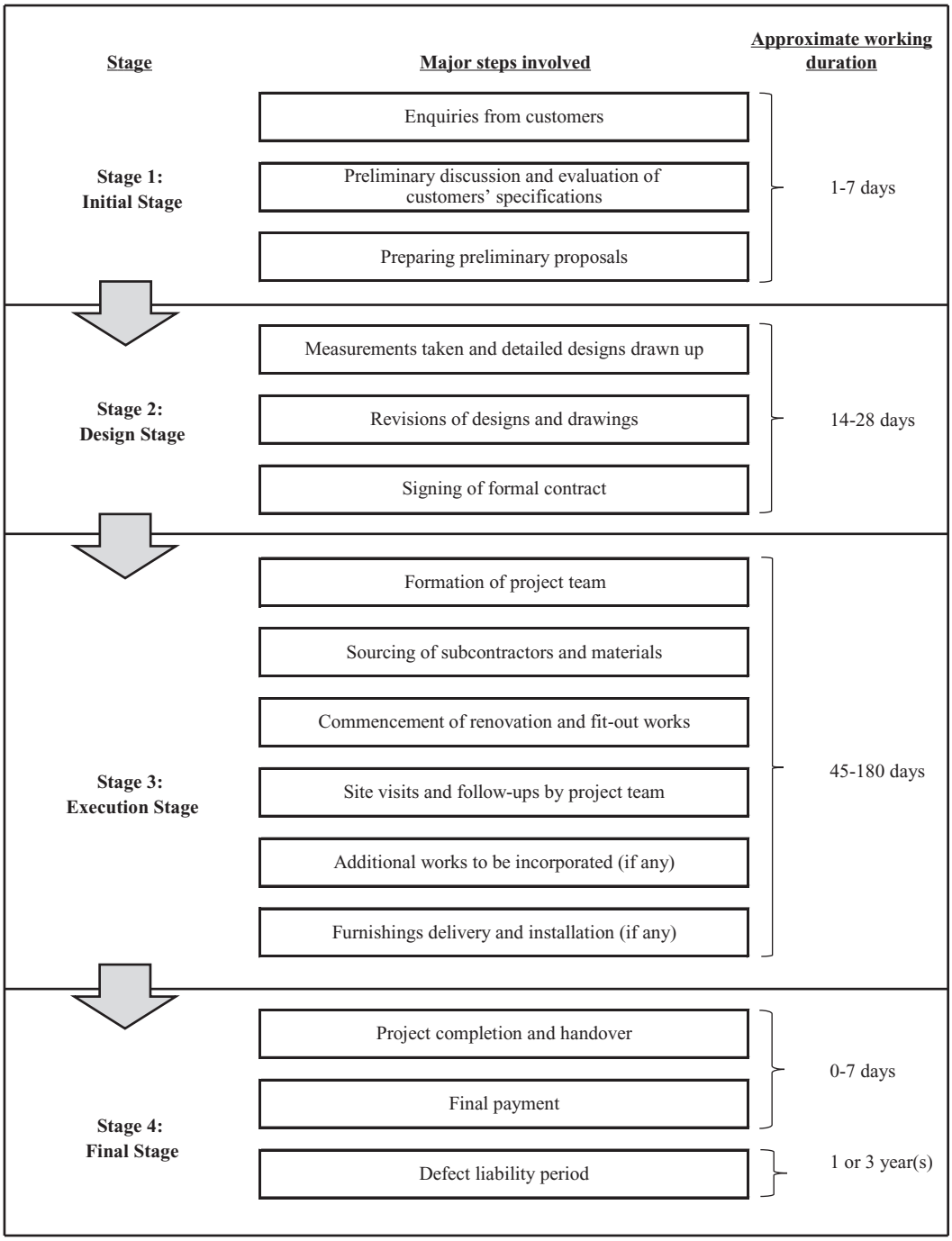
As at 30 November 2016, our Group had 64 on-going projects with a total outstanding contract sum of approximately HK$25,318,000. We estimate that we will complete all of such on-going projects during the financial year ending 31 March 2017, and we expect the aforesaid outstanding contract sum to be fully recognised during the same period. The following table sets out the details of our projects in progress as at 30 November 2016:

	Number of projects	**Total contract sum** *HK$'000*	**Percentage** *%*	**Amount recognised during the Track Record Period** *HK$'000*	**Amount to be recognised in the four months ending 31 March 2017** *HK$'000*
Residential interior design and fit-out projects	62	52,264	90.8	28,051	24,213
Commercial interior design and fit-out projects	2	5,326	9.2	4,221	1,105
Total	64	57,590	100.0	32,272	25,318

During the month ended 31 December 2016, we have secured 36 new orders from our customers with total contract sum amounted to approximately HK$11,726,000, representing a growth of approximately 21.2% in terms of contract sum of new orders signed over the corresponding period in the prior year.

OUR OPERATING PROCESS

Our operating process is similar for both residential and commercial properties, save for minor differences in terms of design considerations and customer demands. A typical interior design and fit-out project normally takes between 3 to 6 months to complete, depending on the size of the residential or commercial property and the complexity of the works to be carried out. Smaller scale projects, such as furnishing only or repair only, may have a simpler process or skip certain steps not required within the process, and may require significant less time to complete. Nevertheless, some projects took up to 9 to 12 months to complete during the Track Record Period. Our typical operating process is outlined below:



Initial stage

Enquiries from customers

Most of our customers of residential property projects are new customers who approach us after browsing our official website or viewing our advertisements. Others are potential customers referred to us by existing or former customers, or existing or former customers returning to us for interior design and fit-out services for another property. For commercial property projects, most of our customers approach us through referrals by existing or former customers. Our sales officers handle each enquiry and typically oversee each customer all the way to the end of the project if it materialises.

Preliminary discussion and evaluation of customers' specifications

Our sales officers will conduct preliminary discussions with potential customers at our branches to better understand our customers' expectations and needs, and to obtain the floor plans of the particular property from our customers or public data. Our customers will indicate in their renovation plans, details such as the areas to develop, preferred styles and themes, other preferences and their initial budget. During the preliminary discussions, our sales officers will present various draft proposals using simple sketches and material samples to the potential customers. After that, our sales officers and in-house designers will evaluate the feasibilities of the projects, and they will report to our senior management for approval. After obtaining relevant internal approvals from our senior management, we will then prepare a preliminary proposal.

Preparing preliminary proposals

Our preliminary proposals will set out key terms, such as the estimated contract sum, location, standard terms and conditions, and payment terms of the project. Along with the preliminary proposals, we will submit a preliminary design to our customer. Designs at this stage are usually in the form of two dimensional drawings and layout plans. With the preliminary proposals and design ready, we will engage the customers to fine-tune the design and come to an agreeable estimated contract sum, upon which we will collect a down payment of approximately 5% of the estimated contract sum from our customer as earnest deposit, which will form part payment of the estimated contract sum.

Design stage

Measurements taken and detailed designs drawn up

After our customer accepted the preliminary proposal and paid the required deposit, our designer will meet with the customer to determine the detailed scope of the project by discussing in-depth layout and design elements. Before the commencement of any detailed designs, we will send our personnel to the property to take measurements of the property in order to prevent discrepancies that may arise from deviations from the floor plan provided. Matters that are discussed at this stage are more detailed and include interior finishes such as paint, wallcoverings, flooring, ceiling and window treatments, mouldings, cabinetry and countertops. We also consider whether any custom-designed pieces or treatments would be

required. As for commercial customers, we will ensure that designs will meet the relevant applicable regulatory requirements, such as fire safety, adequate ventilation and ducting, and discharge of waste water of the property, if any.

Revisions of designs and drawings

During this stage, our designers work closely with our customers to answer their outstanding questions and compile specifications and conduct refinements to the designs. Our designers will provide detailed three-dimensional illustrations to the customers for easier visualisation of initial design concepts to be achieved. We will then follow-up with revisions of the designs by taking up the comments of the customers, if any. This process will continue back and forth between ourselves and the customers and may involve numerous discussion sessions. In general, the total planning and designing stage will take approximately 2 to 4 weeks depending on the complexity of the projects and designs, and the number of revisions made to the design.

Signing of formal contract

Upon finalisation of the design, we enter into a formal contract with the customers to list out the terms and conditions, detailed description of works to be carried out and the revised contract sum based on the latest design, time line and materials to be used. Discrepancies between the estimated contract sums stated in the preliminary quotation and the contract sum stated on the formal contracts might arise due to the designs chosen and materials used being different from the preliminary proposals. The formal contract will supersede the estimated contract sum in the preliminary quotation.

A summary of the salient terms of our typical formal contracts entered into with our customers is set forth below:

(i) Scope of work

- Consultations with the customers;
- Preparing and implementing drawings and specifications for construction work, space planning, materials, finishes, furnishings, fixtures and/or equipment;
- Overseeing project budgeting and schedule;
- Obtaining all necessary licenses and approvals; and
- Conducting interior construction and finishing works, mechanical works and/or electrical works.

(ii) Payment terms

- 60% non-refundable deposit payable on the date of commencement of the works;
- 30% payable upon the delivery of furnitures; and
- Balance payable upon signing the handover agreements.

(iii) Defect liability period

- For residential projects: 3 years; or
- For commercial projects: 1 year.

Execution stage

Formation of project team

We will assign a project team consisting of a staff of our project management team, designer and sales officer to each customer. This overall project management will involve the process of planning, organising, monitoring of the project, as well as the control of quality and materials, and coordinating with subcontractors.

Sourcing of subcontractors and materials

The assigned project team will begin selecting and engaging suitable subcontractors for the execution of different works, including but not limited to electrical work, plastering, wall painting, flooring and carpentry. Please refer to the paragraph headed "Suppliers – subcontractors" below for further details. The assigned designer will also advise on suitable materials to be used in the property according to the customers' preferences, which take into account the design, physical constraints of the sites and the budget. Other than raw materials that are included in our service package, our customers will need to purchase other required materials from us or other suppliers or, where a customer has requested for a specific material, our customers either source the material themselves or let us source from our suppliers. These materials include tiles, flooring, wallpaper, electrical and plumbing fixtures, curtains and other finishing materials. The assigned designer will accompany our customers to purchase and offer opinion on the required materials. Furnishing, which is included in our formal contract, will be built by our furniture suppliers according to the prescribed design.

Commencement of renovation and fit-out works

Once materials required have been ordered and delivered to the property, our subcontractors will mobilise and commence preliminary works. If there are any renovation works relating to the design of the property, such works will commence first, while fit-out and furnishing works will be completed last.

Site visits and follow-ups by project team

The assigned project team will closely monitor the progress of works on site to ensure timely execution of the works, safety, and the quality of works performed. For projects involving interior design and fit-out, our project management staff would visit the site at an interval of around 7 days, and for works only involve furnishing and repair works, we supervise the works on completion. Our executive Director, Mr. Hung Lap Ka, is responsible for the allocation of manpower to ensure that sufficient manpower are assigned to each project. Throughout the whole renovation and fit-out stage, we periodically update our customers with the overall progress of the fit-out works, and they can communicate with any member of the project team at any time, or personally survey the progress and quality of the works performed by our subcontractors.

Additional works to be incorporated (if any)

Our customers may raise new comments or new ideas during this stage upon which we alter the original design and incorporate additional works and/or remove completed works during this renovation and fit-out stage if necessary.

Whilst the formal contracts include the pricing of the works to be carried out, it is often the case that minor alterations not previously included in the design are made that may affect the overall pricing during the execution stage. Any changes to the agreed pricing, such as additional items to be made, will require addendums for approval and signing by the customer. The basis of calculating the additional fee for the variation of orders is in line with our cost-plus pricing policy. During the Track Record Period and up to the Latest Practicable Date, we had no material disputes with our customers relating to variation of orders.

Furnishings delivery and installation (if any)

During the final phase of the execution stage, furnishings will be delivered to the property and assembled on-site. Any furnishing that needs to be mounted on walls will be installed, including glass and other fragile components of the fit-out. Our project team will carry out the final inspection after the completion of all the fit-out works.

Final stage

Project completion and handover

We will arrange cleaning of the property before handover to our customers. We will arrange for a final walkthrough inspection with our customers during handover. In the event that we detected any defects or dissatisfactions, we will record them for immediate handling. Once our customers are satisfied, they will sign the handover agreement together with the defect records to us, after which we will consider the project as completed and handover the premises to our customers.

Our subcontractors will generally return to the property on a later day to rectify all items identified on the defect records.

Final payment

Our customers normally settle their final payment with us upon signing the handover agreement.

Defect liability period

We provide defect liability period to our customers and warrant them from any defects found during the defect liability period. Our defect liability period is 3 years for residential projects and 1 year for commercial projects. Please refer to the paragraph headed "Warranties and after-sales services" below for detailed discussion.

CUSTOMERS

Our largest customer accounted for approximately 3.2%, 3.3% and 5.1% of our revenue for each of the year ended 31 March 2015 and 2016 and the eight months ended 30 November 2016. Our five largest customers contributed in aggregate 11.4%, 11.0% and 17.9% to our revenue for each of the year ended 31 March 2015 and 2016 and the eight months ended 30 November 2016, respectively. We do not have any long-term contracts with our customers and our customers entered into contracts with us on a project-by-project basis. None of our Directors, senior management or any person who, to the knowledge of our Directors, owns more than 5% of our issued share capital or any of our subsidiaries, or any of their respective close associates, had any interest in any of our top five customers, for each of the year ended 31 March 2015 and 2016 and the eight months ended 30 November 2016.

SALES AND MARKETING

We believe that an effective sales and marketing strategy has been a key component to our success. As at 30 November 2016, our sales and marketing function is headed by 2 general managers and assisted by 14 staff members, who coordinate with the design teams to enhance the effectiveness of our sales and marketing strategy. We mainly focus on promoting awareness of our brand, profile, track record, quality of work, service commitment and strict time-to-completion standards to our existing and potential customers, by the following means:

(i) Television programmes and interviews

We have a good relationship with major media in Hong Kong. Our designs have been highlighted on television and our designers have given insights on their interior design ideas at interviews. During the Track Record Period, we received over 40 interviews invitations from various local television stations and magazines to showcase optimum designs for apartments in Hong Kong and to provide comments on various issues related to this industry. We also work closely with media production houses where they use our designs to showcase optimum designs for apartments in Hong Kong. Our media coverage provides high visibility and awareness to our brand and generates a high level of trust in our

design capabilities. Accordingly, we believe exposure through such television programmes and interviews is an effective way for our brand to reach a large number of potential customers.

(ii) Corporate website, social media and advertising channels

We operate and maintain our website at "*www.dic.hk*" where we provide information on designs to our potential customers. Our website contains, among others, details of our track record and profile videos of our in-house designers acting as an effective platform to showcase their expertise and background and provide an avenue for our customers to make enquiries. We also conduct our marketing activities through social media and traditional advertising channels such as magazines and newspapers.

During the Track Record Period, our customers comprised (i) new customers who were either attracted by our advertisements or referred to us; and (ii) returning customers. New customers attracted by our advertisements or referred to us contributed approximately 82.1%, 81.6% and 71.7% to our revenue for the years ended 31 March 2015 and 2016 and the eight months ended 30 November 2016 respectively. During the Track Record Period, our expenses incurred for advertising purposes were approximately HK$3,096,000, HK$4,075,000 and HK$2,397,000, which represented approximately 3.0%, 3.4% and 2.7% of our revenue, respectively.

SEASONALITY

Our industry is slightly affected by seasonality, particularly during summer holidays and few months before the Chinese New Year, when customer generally have more free time for renovation and fit-out works to take place. These are the times when our orders for interior design and fit-out works peak and accordingly, we allocate resources carefully to ensure all projects are completed on a timely basis throughout the year.

PRICING STRATEGY

We rely on a cost-plus pricing model for our pricing strategy. We generally take into consideration the scale, complexity and specifications of each project, as well as the estimated subcontractors' inputs and corresponding costs and the price trend of materials cost to determine the approximate costs of the whole project. We then mark those costs up by a profit margin that we believe is sufficient for us to earn a reasonable profit and also generate a sufficient buffer in case of any differences arise from our estimated costs. In determining our margin, we also consider our capacity, estimated duration of the works, risk associated with and difficulty of the works and the competitive conditions of the market. In certain cases, we offer discounts to our customers at a rate of not more than 10% of the total contract sum.

SUPPLIERS

Our suppliers are broadly categorised into (i) subcontractors and (ii) fit-out material suppliers, all of whom are Independent Third Parties save and except subcontractor D of our top five subcontractors during our Track Record Period, who is a former employee of our Group and a minority shareholder of Smart Will (Macau). We have close relationships with our subcontractors and material suppliers who are recognised for their products and/or services quality, prices, timeliness in delivery, credentials and established track records.

Subcontractors

We do not employ any manual workers for labour-intensive construction works such as carpentry, plastering, plumbing, drainage, electrical works, painting, demolition, repair and maintenance work. We find the expertise and resources necessary for these works from our pool of subcontractors, and such practice is within industry norm according to our Directors' best belief. Subcontracting charges and materials make up bulk of our direct costs, accounting for approximately 90% of our direct costs during the Track Record Period.

As our customers engage us on a project-by-project basis, the key terms of each project, such as the scope of work, completion time and quantities and unit price of materials, may vary. Accordingly, we enter into standard subcontracting framework agreements with our individual subcontractors. The principal terms in our subcontracting framework agreements are as follows:

Scope of work	:	The scope of work of our subcontractors is determined on a project-by-project basis.
Quotation and payment term	:	Our subcontractors shall submit quotations to us on a regular basis (generally monthly) for our approval, payment of which shall be settled in accordance with the proportion of subcontracted works completed.
Variation or changes	:	Our subcontractors shall make variation or changes only upon our request.
Insurance	:	We require our subcontractors to obtain and maintain all insurances as required by statutory law including but not limited to employees' compensation.
Responsibilities	:	We require our subcontractors to observe, perform and comply with all relevant rules and regulations in connection with the subcontracted works, and all relevant provisions under the contracts of relevant projects entered into between us and our customers if applicable. We also require our subcontractors to obtain all necessary licenses, which ought to be valid during the period of subcontracted works.

Completion	:	Our subcontractors shall assist us in the inspection and testing of the final works, and make necessary alterations or variations to achieve completion upon our requests.

Each of our subcontractors is engaged to carry out specific areas of works for which they are contracted. Except for smaller-scale projects, such as furnishing only or repairs only, whereby we would appoint a single subcontractor for the works of the project. Our Directors believe it is important that our Company retains the control of large-scale projects by appointing multiple subcontractors to ensure the projects are carried out according to our specifications. The adoption of the subcontracting business model allows our Group to better manage fluctuating workload demands and diversify the required expertise. This enhances the flexibility of our manpower management and utilisation of our internal resources to be deployed in different projects. Whilst we offer fit-out services to our customers, we are not directly engaged in the provision of any on-site installation services and all of such works are subcontracted to the subcontractors.

As at the Latest Practicable Date, we have a pool of 68 subcontractors from which we select for carrying out various types of works for each project. This pool of subcontractors is reviewed, evaluated and updated on an ongoing basis by our management according to the subcontractors' abilities, skills and quality of services provided in the past, price competitiveness and efficiency. Among these subcontractors, 28 of them have business relationships with our Group for over five years. For new subcontractors, we generally conduct pre-assessments to ensure their services are able to comply with our specific project requirements. During the Track Record Period, we have not encountered any material difficulties in finding subcontractors to perform the works for our projects.

We will first select suitable subcontractors based on the nature of each project, including the types of works required and the expertise and availability of suitable subcontractors, after which we request for their quotations. After receiving their quotations, our project coordinators will negotiate their payment schedule and select suitable subcontractors to perform the works according to the schedule. Our subcontractors are normally responsible for supplying and procuring raw materials to be used during the fit-out works, such as cement, sand and plaster. Accordingly, some of the quotations we receive from these subcontractors are inclusive of both raw materials and services. To the best knowledge of our Directors, such manner of quotation is a common practice in the industry. We will source and procure any requested materials and deliver them to the project site for our subcontractors' handling if our customers request for specific materials that cannot be procured by our subcontractors. We will also ensure that our customers deliver the finishing materials procured by them, including electrical and plumbing fixtures, to the site on time for our subcontractors to install. We are able to source and procure these materials upon requests by our customers.

We generally divide each of our interior design and fit-out projects into several milestone stages, such as furnishing installation works, paint works, and others, with the aim to monitor the progress of the projects easier. After confirming the total amount of subcontracting fee with our subcontractors, our Group and the respective subcontractors will divide the agreed total subcontracting fee into several milestone stage payments. The amount of stage payment at different milestone stage represent the complexity and amount of works

to be performed therein. Our subcontractors are paid according to the aforesaid stage payment schedule upon completion of the relevant milestone stage. In practice, our subcontractors will inform us upon completion of each milestone stage and we will assess and verify the completeness and quality of works done before making the relevant stage payment. For details of recognition of subcontracting charges, please refer to the paragraph headed "Financial Information – Revenue recognition".

We select our subcontractors from our internal approved subcontractors list, which is subject to our regular review based on a number of factors, including: (i) obedience to instructions; (ii) timely delivery of work; (iii) quality of work performed; (iv) safety and environmental compliance; (v) licenses and permits held; and (vi) overall performance. The aforesaid subcontractors list allows us to monitor our subcontractors' compliance with the relevant applicable regulatory requirements in respect of our operations in Hong Kong. Each subcontractor is required to provide copies of its registrations, licenses and permits (for itself and its workers) such as its business registration, its workers' Green Cards and evidence showing its registration as a registered general building contractor, registered construction worker, registered specialist contractor and/or registered minor works contractor, if and where necessary for carrying out their works. Our subcontractors register can be a control measure for our project management. Based on it, we can notify the subcontractor to renew its registration, license and permit at least 3 months before the respective expiry dates, or select an appropriate subcontractor according to the license held by such subcontractor and the works to be carried out. Furthermore, we will also periodically require each subcontractor to confirm (for itself and its workers) that its registrations, licenses and permits are valid.

We require our subcontractors to follow our in-house standards in relation to work quality, occupational safety, environmental protection and compliance to applicable laws and regulations. In general, we will carry out supervision on our subcontractors to check with our in-house standards. For example, we require our subcontractors to check the identification documents of their employees carefully to ensure that no illegal workers are employed on the sites for which we are responsible for. During the Track Record Period, no illegal workers have been reported on the sites for which we were responsible for.

For further details on relevant regulatory requirements relating to our operations, please refer to the section headed "Regulatory Overview" to this prospectus.

Our Group relies on our subcontractors to complete our projects and their compliance of relevant laws and regulations and for the possible legal consequences, please refer to the section headed "Risk Factors – We rely on our subcontractors to complete our projects and we may become liable for their default or non-compliance of laws and regulations".

For the year ended 31 March 2015, Subcontractor A was our largest subcontractor, accounting for approximately 7.5% of our total direct costs. For the year ended 31 March 2016, Subcontractor H was our largest subcontractor, accounting for approximately 5.6% of our total direct costs of the year. For the eight months ended 30 November 2016, Subcontractor I was our largest subcontractor accounting for approximately 11.0% of our total direct costs.

For each of the two years ended 31 March 2016, the eight months ended 30 November 2016, services provided by our top five subcontractors during the Track Record Period accounted for approximately 24.2%, 20.6% and 31.3% of our total direct costs, respectively. The following table sets forth the background of our top five subcontractors during the Track Record Period and their respective years of relationships with our Group:

For the year ended 31 March 2015

Subcontractor	Business activities	Services provided	Business relationship since	Payment method	Credit period	Invoiced amount	Percentage of total direct costs
						HK$'000	*%*
Subcontractor A	A full range interior design and fit-out service provider in Hong Kong	Full range of fit-out works	February 2010	Cheque	On delivery	5,305	7.5
Subcontractor B	A fit-out service provider in Hong Kong	Full range of fit-out works	December 2007	Cheque	On delivery	4,848	6.8
Subcontractor C	A fit-out service provider in Hong Kong	Full range of fit-out works	September 2012	Cheque	On delivery	2,756	3.9
Subcontractor D *(note 1)*	A repairing and maintenance service provider in Hong Kong	Repairing and maintenance services	August 2010	Cheque	On delivery	2,283	3.2
Subcontractor E	A on-site carpentry service provider in Hong Kong	On-site carpentry works	August 2012	Cheque	On delivery	1,957	2.8
				Total invoiced amount to our top five largest subcontractors		**17,149**	**24.2**

Note:

1. Subcontractor D which is a company owned by a former employee of our Group who is a minority shareholder of Smart Will (Macau).

For the year ended 31 March 2016

Subcontractor	Business activities	Services provided	Business relationship since	Payment method	Credit period	Invoiced amount	Percentage of total direct costs
						HK$'000	*%*
Subcontractor H	A fit-out service provider in Hong Kong	Full range of fit-out works	March 2015	Cheque	On delivery	4,639	5.6
Subcontractor B	A fit-out service provider in Hong Kong	Full range of fit-out works	December 2007	Cheque	On delivery	3,870	4.7
Subcontractor E	A on-site carpentry service provider in Hong Kong	On-site carpentry works	August 2012	Cheque	On delivery	3,018	3.6
Subcontractor F	A plastering service provider in Hong Kong	Plastering services	June 2007	Cheque	On delivery	2,814	3.4
Subcontractor G	A full range interior design and fit-out service provider in Hong Kong	Full range of fit-out works	April 2012	Cheque	On delivery	2,779	3.3
				Total invoiced amount to our top five largest subcontractors		**17,120**	**20.6**

For the eight months ended 30 November 2016

Subcontractor	Business activities	Services provided	Business relationship since	Payment method	Credit period	Invoiced amount	Percentage of total direct costs
						HK$'000	*%*
Subcontractor I	A fit-out service provider in Hong Kong	Full range of fit-out works	January 2016	Cheque	On delivery	7,124	11.0
Subcontractor B	A fit-out service provider in Hong Kong	Full range of fit-out works	December 2007	Cheque	On delivery	4,318	6.7
Subcontractor A	A full range interior design and fit-out service provider in Hong Kong	Full range of fit-out works	February 2010	Cheque	On delivery	3,555	5.5
Subcontractor J	A clearance and demolition service provider in Hong Kong	Demolition works	May 2008	Cheque	On delivery	2,820	4.4
Subcontractor H	A fit-out service provider in Hong Kong	Full range of fit-out works	March 2015	Cheque	On delivery	2,374	3.7
				Total invoiced amount to our top five largest subcontractors		**20,191**	**31.3**

Material suppliers

While our customers are responsible for purchasing finishing materials, sanitary wares, electrical appliances, bathroom amenities and other accessories themselves, we are able to source and purchase different items and materials from our material suppliers, where requested by our customers, on their behalf. Items and materials we are able to source and purchase include furnishing, tiles, wallpapers, curtains, electrical appliances, kitchenware, as well as cabinets, bed frames and wardrobes according to our designs or customers' specifications. Some of our material suppliers are based in Hong Kong with their manufacturing facilities situated in the PRC. During the Track Record Period, we source fit-out materials locally and from the PRC. We do not enter into any formal agreements when purchasing fit-out materials.

As at the Latest Practicable Date, we have a pool of about 197 material suppliers from which we select for provision of fit-out materials and 69 of whom have supplied materials to us for over five years. We have maintained good relationships with our material suppliers. We do not enter into any long-term agreements with our material suppliers and only purchase materials as and when required on a project-by-project basis. Our Directors believe that we do not rely on any of our material suppliers as every project is unique and may require different materials to suit our customers' specifications. As such, our Directors believe that we do not depend on any of our material suppliers as we have numerous alternative material suppliers for all major materials.

During the Track Record Period, we have not encountered any difficulties in procuring materials and we have not experienced any significant delay in the delivery of materials by our material suppliers causing disruption to our projects.

To the best knowledge of our Directors, we were not aware of and had not noticed any abusive labour practice during on-site inspections in the manufacturing facilities of our material suppliers located in the PRC. Wood for flooring, panelling and furnishing is one of the commonly used materials in our designs, and our Directors are not aware of any use of wood from illegal sources for the production of furnishing and materials supplied to our Group.

For the years ended 31 March 2015 and 2016, Supplier A was our largest material supplier, accounting for approximately 6.8% and 6.9% of our total direct costs of the year, respectively. For the eight months ended 30 November 2016, Supplier B was our largest material supplier, accounting for approximately 6.1% of our total direct cost of the years.

During the Track Record Period, items provided by our top five material suppliers accounted for approximately 17.7%, 17.4% and 11.7% of our total direct costs, respectively. The following table sets forth the background of our top five material suppliers during the Track Record Period and their respective years of relationships with our Group:

For the year ended 31 March 2015

Supplier	Business activities	Items provided	Payment method	Credit period	Business relationship since	Invoiced amount	Percentage of total direct costs
						HK$'000	*%*
Supplier A	Wooden furniture manufacturer	Woodern furniture	Cheque	30 days	August 2007	4,821	6.8
Supplier B	Wooden furniture manufacturer	Woodern furniture	Cheque	30 days	October 2007	4,430	6.2
Supplier C	Wooden furniture manufacturer	Woodern furniture	Cheque	On delivery	November 2010	1,604	2.3
Supplier D	Wooden furniture manufacturer	Woodern furniture	Cheque	30 days	November 2007	862	1.2
Supplier E	Advertising signboards provider	Advertising signboards for commercial projects	Cheque	On delivery	November 2010	816	1.2
					Total invoiced amount to our top five largest suppliers	**12,533**	**17.7**

For the year ended 31 March 2016

Supplier	Business Activities	Items provided	Payment method	Credit period	Business relationship since	Invoiced amount	Percentage of total direct costs
						HK$'000	*%*
Supplier A	Wooden furniture manufacturer	Woodern furniture	Cheque	30 days	August 2007	5,706	6.9
Supplier B	Wooden furniture manufacturer	Woodern furniture	Cheque	30 days	October 2007	5,516	6.6
Supplier F	Wooden furniture manufacturer	Woodern furniture	Cheque	30 days	December 2003	1,620	1.9
Supplier D	Wooden furniture manufacturer	Woodern furniture	Cheque	30 days	November 2007	1,005	1.2
Supplier G	Fit-out materials provider	Ceiling, walls and flooring	Cheque	On delivery	July 2011	642	0.8
				Total invoiced amount to our top five largest suppliers		**14,489**	**17.4**

For the eight months ended 30 November 2016

Supplier	Business Activities	Items provided	Payment method	Credit period	Business relationship since	Invoiced amount	Percentage of total direct costs
						HK$'000	*%*
Supplier B	Wooden furniture manufacturer	Woodern furniture	Cheque	30 days	October 2007	3,959	6.1
Supplier A	Wooden furniture manufacturer	Woodern furniture	Cheque	30 days	August 2007	1,919	3.0
Supplier F	Wooden furniture manufacturer	Woodern furniture	Cheque	30 days	December 2003	666	1.0
Supplier G	Fit-out materials provider	Ceiling, walls and flooring	Cheque	On delivery	July 2011	570	0.9
Supplier E	Advertising signboards provider	Advertising signboards for commercial projects	Cheque	On delivery	November 2010	456	0.7
				Total invoiced amount to our top five largest suppliers		**7,570**	**11.7**

Save for Subcontractor D which is a company owned by a former employee of our Group who is a minority shareholder of Smart Will (Macau), all of our Group's five largest subcontractors and material suppliers during the Track Record Period are Independent Third Parties. None of our Directors, our close associates, or our Shareholders (who to the knowledge of our Directors who own more than 5% of our issued Shares) had any interest in any of our Group's five largest subcontractors and material suppliers during the Track Record Period.

INVENTORY CONTROL

Our Group does not hold any inventory to be used for future projects. Fit-out and furnishing materials are purchased and used on a project-by-project basis.

INTELLECTUAL PROPERTY

We use the brand "" in marketing our services to potential customers and suppliers. As at the Latest Practicable Date, we had registered 1 trademark and 2 domain names in Hong Kong and 2 trademarks in the PRC, which we consider to be material to our business. In addition, Mr. Chan and our Company entered into a deed of trademark assignment on 6 May 2016, pursuant to which Mr. Chan assigned 4 registered trademarks to our Group at nil consideration.

For further details, please refer to "Statutory and General Information – Further information about the business – Intellectual property rights of our Group" set out in Appendix V to this prospectus.

As at the Latest Practicable Date, we had not engaged in any material dispute, litigation or legal proceedings relating to the violation of intellectual property rights. We enter into standard employment contracts with our staff that contain clauses on intellectual property rights to ensure sufficient protection of our intellectual property.

INFORMATION SYSTEMS

To enhance our normal business operations and management, we implement an information and electronic document management system, which we utilised it to track all aspects of our daily operations including sales records, subcontractors and payment progress as well as storing and managing electronic documents.

COMPETITION

We operate within the interior design and fit-out services industry in Hong Kong. According to the Euromonitor Report, no single market leader in the market could shape the industry owing to the highly fragmented nature of the industry. Accordingly, our Group faces competition not only from other integrated interior design solutions providers but also registered architects, design houses and fit-out contractors. According to the Euromonitor Report, there are approximately 7,000 interior designers and 1,100 interior design companies in Hong Kong. Despite the fierce competition within the industry we operate, our Directors believe that our established brand and reputation and proven track record since our

establishment in 1996, enable us to compete efficiently and differentiate ourselves from our competitors in terms of our reputation and quality of work. Details of our Group's competitive strengths are set out in the section headed "Business – Competitive strengths" to this prospectus. Please also refer to the section headed "Industry Overview" to this prospectus for details of the competitive landscape of the interior design and fit-out industry in Hong Kong.

ENVIRONMENTAL, HEALTH AND SAFETY MATTERS

Our business operations may have an inevitable impact on the environment as our services involves alteration, repairing, addition and/or demolition of existing building structures. This impact could be minimised by disposing solid and chemical waste created during the fit-out process at a designated waste disposal facility and engaging a licensed waste collector to collect the chemical waste for proper disposal. We subcontracted works relating to the disposal of solid waste and we factored the costs involved into the contracts signed with our customers at the initial stage. For the disposal of chemical waste, Smart Will has registered itself with the Environmental Protection Department under the Waste Disposal Ordinance as a chemical waste producer since 13 March 2008. As we outsource all physical fit-out works to our subcontractors, we also remind our subcontractors to comply with all applicable laws and regulations related to environmental protection.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, our Group has not been subject of any environmental non-compliance in Hong Kong. We have obtained all the required environmental related permits and approvals for the projects carried out by us during the Track Record Period and up to the Latest Practicable Date.

We regard occupational health and safety as one of our important responsibilities. Our Directors require strict implementation of safety measures under the supervision of our Group's or subcontractors' management. We publish health and safety notices before the commencement of fit-out works to ensure the safety and health of all personnel working on sites. We conduct safety inspections at sites to ensure operations are conducted in such a manner that reduce, as much as practicable, the risks of injury and damage to persons and properties. Our fit-out works engage subcontractors, who may be qualified or certified professionals in their own fields, such as electrical works, and accordingly, these subcontractors are required to abide by safety laws, rules, regulations, measures and procedures, as well as comply with safety requirements of all current enactments relating to their works. During the Track Record Period and up to the Latest Practicable Date, no prosecution has been laid against us by any relevant authorities in respect of violation of applicable laws or regulations of safety and health.

For the staff of our project management team who are assigned to on-site supervision and inspection works, all of them have obtained valid Green Cards. This is to ensure a high standard of occupational safety, protecting employees from occupational hazards. We provide special safety equipment such as safety helmets, goggles, ear-plugs and dust masks to all employees and well-maintained to ensure the utmost safety. In addition, we have organised trainings to all of our employees with respect to occupational health and safety matters.

As at the Latest Practicable Date, no material injury and fatal accidents were recorded on the sites for which we are responsible. During the Track Record Period, no prosecution has been laid against us by any relevant authorities in respect of violation of applicable laws or regulations of health and safety. Our Directors are of the view that our Group has maintained sufficient third party liability insurance as and when necessary.

INSURANCE

Except for furnishing projects, projects undertaken by our Group are normally protected by contractor-all-risks and third party liability insurance which are taken out by our Group. For large-scale projects, we maintained a separate contractor-all-risks and third party liability insurance for that project alone. Such insurance policy generally extends for the entire contract period and 6 months following the completion of the project.

We have also maintained employees' compensation insurance for our employees in accordance with the laws and regulations in Hong Kong. We also maintain and effect contractor-all-risks insurance, third party insurance and employees' compensation insurance for our subcontractors. The amount of insurance paid by our Group for each of the two financial years ended 31 March 2016 and the eight months ended 30 November 2016 were approximately HK$549,000, HK$733,000 and HK$690,000, respectively. Our Directors confirm that the insurance coverage is adequate for the operation of our business and is in line with the industry norm.

However, there may be certain risks for which our Group is not insured and may not have sufficient insurance coverage for damages and liabilities that may arise in the course of our Group's business operations. Please refer to the section headed "Risk factors – Our Group's insurance coverage may not be sufficient to protect our Group against potential liabilities arising during the course of operations" for details.

Upon Listing, our Company intends to purchase and maintain insurance for our Directors against liabilities to third parties that may be incurred in the performance of their respective duties.

LICENCES AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, as advised by our Hong Kong legal adviser, CFN Lawyers in association with Broad & Bright, we had obtained all the material licenses and permits necessary for our business operations, and such licenses and permits are still valid and in force. We have not experienced and, to the best knowledge of our Directors, we do not except to experience any refusal of the renewal application of any material licenses or permits necessary for our business operations.

Qualifications

As at the Latest Practicable Date, Smart Will and Best Famous are the Registered Minor Works Contractors in Hong Kong, licensed to carry out the following types and classes of work:

Authority	Registered company	Types	Classes	Registration number	Date of registration	Date of expiration
Building Authority	Smart Will	A (Alteration and Addition), B (Repair), D (Drainage), E (Structures for Amenities), F (Finishes Works), G (Demolition)	II & III II & III II & III II & III II & III II & III	MWC 4320/2011	28 April 2015	26 March 2018
Building Authority	Best Famous	A (Alteration and Addition), B (Repair), D (Drainage), E (Structures for Amenities), F (Finishes Works), G (Demolition))	II & III II & III II & III II & III II & III II & III	MWC 360/2011	29 September 2014	16 September 2017 *(Note 1)*

In addition to the Registered Minor Works Contractors, Globe Sense, Smart Will and Best Famous are Registered Electrical Contractors in Hong Kong, licensed as follows:

Authority	Registered company	Registration number	Date of registration	Date of expiration
Electrical and Mechanical Services Department	Globe Sense	028060	16 July 2014	15 July 2017 *(Note 2)*
Electrical and Mechanical Services Department	Smart Will	020746	13 March 2015	12 March 2018
Electrical and Mechanical Services Department	Best Famous	029287	4 December 2015	3 December 2018

Notes:

1. We intend to submit the Registered Minor Works Contractors renewal application(s) of Best Famous in August 2017.

2. We intend to submit the Registered Electrical Contractors renewal application of Globe Sense in July 2017.

Quality Assurance

As a testament to our commitment to provide quality services, we have been awarded the following certificates:

Certificates/Description	Awarding organization	Date of grant	Date of expiration
Certificate for compliance with the requirements of OHSAS 18001:2007 occupational health and safety management systems specification applicable to interior design and fitting out works	Hong Kong Quality Assurance Agency	29 March 2010	28 March 2019
Certificate for compliance with the requirements of ISO 14001:2004 environmental management system standard specification applicable to interior design and decoration	Hong Kong Quality Assurance Agency	28 April 2008	27 April 2017 *(note)*
Certificate for compliance with the requirements of ISO 9001:2008 quality management system standard specification applicable to interior design and decoration	Hong Kong Quality Assurance Agency	25 November 2003	14 September 2018

Note: We passed the relevant renewal audit conducted by the Hong Kong Quality Assurance Agency on 17 February 2017 and the issuance of the new certificate was pending as at the Latest Practicable Date.

We believe that our ability to deliver quality services and products is vital to our business. This is because we consider referral as one of our main sources of our new customers. Therefore, we place great emphasis on having stringent quality control measures at all stages of our business process.

Throughout the interior design and fit-out projects, the sales officer, the designer in-charge and an assigned staff from our headquarters will co-operate with each other to ensure the quality of our work, service commitment and strict time-to-completion standards. They will maintain close interactions with the parties involved in the project, such as

subcontractors and material suppliers, so that the various work streams in the project are well-coordinated and that any issues that require immediate attention are resolved as soon as possible. Our staff of the management team visits the sites periodically throughout the projects to monitor the progress and quality of the fit-out works carried out by our engaged subcontractors for the projects. With the aid of smartphones, our project management's staff can now request subcontractors to show them a photo of the project site and give them immediate feedback. Aside from assuring the timely completion of the projects, we require materials and furnishing used in our fit-out projects to meet our quality standards and specifications. In order to ensure our suppliers conform to our quality standards, we make visits to their respective factories to inspect the quality of their products, as well as to ensure that their production complies with the relevant rules and regulations.

Upon receipt of the materials and furnishing products from our material suppliers, our on-site technical staff will inspect the products for their condition, qualities, quantities and specifications in accordance with our purchase orders. Any product failing our inspection will be rejected and returned to our material suppliers for replacement or rectification.

Following the completion of the interior fit-out work at the project premises, our technical staff will carry out a final quality control check and our designer-in-charge, when measurements and visual checks are done to ensure that the interior fit-out works conform with our customers' specifications.

Our sales officer and designer-in-charge receive feedback from our customers and handle any complaints with regard to the qualities of our products and services, as well as the attitudes of our staff.

Complaints of quality, both verbal and written, are documented and investigated pursuant to standard procedures. We have dedicated personnel who take complaint calls and other enquiries and regularly review and analyse the feedback received. We require that all complaints be reported and resolved promptly.

We will communicate with our customers through mails, telephones, facsimile or emails for normal complaints and inquiries. Complaints in relation to significant quality issues must be reported to the relevant responsible person in a timely manner. Dedicated personnel will then be dispatched to look into the complaints and propose suggestions to handle the complaints, which the relevant responsible person will give approval. During the Track Record Period, we had not incurred any materials cost in relation to these complaints. We have established recall guidelines for the product recall procedures. As of the Latest Practicable Date, we had not recalled any of our products due to quality problems.

We had not experienced any material safety problems concerning our products as reported by our customers or relevant government authorities or any material product liabilities or legal claims due to the quality of our furnishing and fittings. We also had not been subject to any adverse findings in any investigation or audit by any government authorities during the Track Record Period. Our Directors believe that this is primarily attributable to our stringent quality control procedures.

Complaints

Customers may make complaints through various channels such as hotlines, emails, mails, and complaints area that is made available on our company website. They may also make complaints to the corresponding sales officer assigned to them.

Mr. Chan and our customer service representatives are responsible for receiving customers' complaints, communicating with them about the situation, and obtaining information from customers for record. Once we receive official complaint letters or emails, our customer service representatives and project managers and supervisors will perform a preliminary investigation and arrange for immediate remedial actions if necessary. Our designers and project managers and supervisors will follow-up with a detailed investigation to determine whether our Group is responsible for the complaints.

If investigation shows that our Group is responsible for the subject of the complaints, we will formulate a rectification plan and notify the complainant in regard to the remedial actions to be taken and the subsequent timeline for such actions. If the complainant agrees with our rectification plan, we will arrange and proceed with the remedial work. After the completion of the remedial work, we will notify the complainant regarding the status of the works and we will close the complaint file. In some occasions, we will provide an explanation to the complainant and the complaint file.

For the year ended 31 March 2015, 2016 and for the eight months ended 30 November 2016, our Group has received 2, 6 and nil customer complaints, respectively. The complaints our Group received from our customers directly during the Track Record Period mostly concerned unsatisfactory results of services or products provided and unsatisfactory staff services or miscommunication. As at the Latest Practicable Date, all of the above customer complaints had been properly addressed and satisfactorily resolved according to our follow-up policy as detailed above.

WARRANTIES AND AFTER-SALES SERVICES

We offer defect liability period of 1 year for commercial properties projects and 3 years for residential properties projects. During the defect liability period, we provide maintenance and repair services to our customers for free if the defects are owing to quality problems after our inspections. We may charge service fees incurred and the cost of any parts and components required for repairs after the expiry of defect liability periods or if the defects are caused by improper use. We will also exchange any defective materials or products for free on the condition that such materials or products were defective during manufacturing. We return defective materials or products to our material suppliers for replacement if the relevant material suppliers are found to be liable for such defects. During the Track Record Period, we incurred minimal costs for such services provided to customers and we did not experience any product liability claim or product return that had a material impact on us. We estimated the amounts of warranty claims to be HK$558,000, HK$947,000 and HK$307,000 for the years ended 31 March 2015 and 2016 and the eight months ended 30 November 2016, respectively. After the expiry of the defect liability period, we will, upon the customers' requests, procure our subcontractors to provide repairing and maintenance services to them at an agreed price.

EMPLOYEES

As at 31 March 2015 and 2016 and 30 November 2016, our Group had 47, 57 and 57 employees, respectively. All of our staff are full-time employees and are located in Hong Kong. The following table sets out a breakdown of the employees of our Group by function as at 31 March 2015 and 2016 and 30 November 2016, and the Latest Practicable Date.

Function	As at 31 March 2015	As at 31 March 2016	As at 30 November 2016	As at the Latest Practicable Date
Management and executives	3	3	3	3
Designing and drafting	18	22	23	24
Project management	5	5	6	7
Account and finance	2	3	3	3
Sales and marketing	13	18	16	18
Purchasing	3	2	2	2
Administration and human resources	3	4	4	4
Total	47	57	57	61

Our Directors are of the view that our Group has an experienced and competent design team to carry out our design functions. As at the Latest Practicable Date, our designing and drafting team consists of 13 designing staff, 8 of which have acquired more than 4 years of interior design experiences in Hong Kong, and 11 drafting staff. In addition, more than half of our designing staff have acquired interior design or design related diploma or course certificate issued by local design schools, institutions, associations or training councils/boards.

We rely on our subcontractors to perform the works involving renovation and fit-out for our projects. Therefore, our project management staffs not required to be onsite or be onsite for a long period of time. Furthermore, most of our projects involve residential properties that are smaller in scale that can be completed quickly and thus our project management staff can complete more projects per year compared to industry peers who handles fewer large commercial project per year.

Training and Development

We place great emphasis on the training and development of our employees to improve their performance. Accordingly, we provide mandatory courses for our new employees. We have also established additional training programs designed to enhance our employees' know-how, skills and abilities which can help support our performance and strengthen our corporate culture. We also provide different types of trainings in relation to the understanding of ISO standards and quality control measures, as well as stress management and leadership training from time to time.

Employee Benefits

We offer competitive remuneration to our employees and reviewed individually on an annual basis reflecting each employee's work performance, contributions and market developments.

We maintain good working relationships with our employees and we had not experienced any significant problems with our employees nor had there been any disruptions to our business operations as a result of strikes or other labour disputes during the Track Record Period.

PROPERTIES

During the Track Record Period, our Group entered into tenancy agreements and arrangements with our Controlling Shareholder relating to the lease or sub-licence of the following properties used by our Group for normal operational purposes in Hong Kong. The following table sets forth a summary of the properties leased or sub-licensed by us during the Track Record Period and as at the Latest Practicable Date:

	Properties	Use of properties	Monthly rental or licence fee	Tenure
1.	Factory Unit I, 3/F Fu Cheung Centre Nos. 5-7 Wong Chuk Yeung Street Fo Tan, New Territories	Workshop	HK$20,000	1 January 2017 to 30 June 2017
2.	Factory Unit G, 3/F Fu Cheung Centre Nos. 5-7 Wong Chuk Yeung Street Fo Tan, New Territories	Storage room	HK$22,500	1 January 2016 to 31 December 2018
3.	Workshop C2, 10th Floor TML Tower No. 3 Hoi Shing Road Tsuen Wan, New Territories *(note 1)*	Office	HK$31,500	1 March 2015 to 10 March 2017
4.	17th Floor Chuang's Enterprises Building No. 382 Lockhart Road Wan Chai, Hong Kong *(note 2)*	Office	HK$72,768	1 June 2015 to 31 May 2016
5.	Rooms 904 and 905, 9th Floor Siu On Centre No. 188 Lockhart Road Wan Chai, Hong Kong *(note 2)*	Office	HK$60,852	1 April 2016 to 31 March 2018

	Properties	Use of properties	Monthly rental or licence fee	Tenure
6.	Unit 1, 8th Floor One Mong Kok Road Commercial Centre No. 1 Mong Kok Road Mong Kok, Kowloon	Office	HK$21,280	15 September 2015 to 14 September 2017
7.	Unit 2, 8th Floor One Mong Kok Road Commercial Centre No. 1 Mong Kok Road Mong Kok, Kowloon	Office	HK$30,000	15 September 2015 to 14 September 2017
8.	Unit No. 2905, 29/F Prosperity Place No. 6 Shing Yip Street Kwun Tong, Kowloon *(note 3)*	Office	HK$26,600	2 November 2015 to 30 June 2018
9.	Shop Unit 616 Citylink Plaza Sha Tin, New Territories *(note 4)*	Office	HK$56,200	1 June 2015 to 31 May 2016
10.	Office H, 19/F Kings Wing Plaza 1 No. 3 On Kwan Street Shek Mun Sha Tin New Territories *(notes 4 and 5)*	Office	HK$20,000	1 May 2016 to 24 May 2016 *(note 4)*

Notes:

1. We have not entered into any renewal agreement for the extension of the lease of Workshop C2, 10th Floor, TML Tower, No. 3 Hoi Shing Road, Tsuen Wan, New Territories. Upon its expiry, we and the landlord mutually agreed to extent our rent on a monthly basis, to which, we are entitled to terminate such arrangement by giving one month's notice.

2. We have not entered into any renewal agreement for the extension of the lease of 17th Floor, Chuang's Enterprises Building, No. 382 Lockhart Road, Wan Chai, Hong Kong and has already moved out upon its expiry. We relocated our Wan Chai branch to Rooms 904 and 905, 9th Floor, Siu On Centre, No. 188 Lockhart Road, Wan Chai, Hong Kong on 17 May 2016.

3. The grand opening of our new branch in Kwun Tong took place on 1 May 2016.

4. We have not entered into any renewal agreement for the extension of the lease of Shop Unit 616 Citylink Plaza, Sha Tin, New Territories and has already moved out upon its expiry. The grand opening of our new Sha Tin branch, which locates at Office H, 19/F Kings Wing Plaza 1, No. 3 On Kwan Street, Shek Mun, Sha Tin, New Territories, took place on 1 June 2016.

5. On 24 May 2016, our Group acquired the property located at Office H, 19/F, Kings Wing Plaza 1, No. 3 On Kwan Street, Shek Mun, Sha Tin, New Territories from Mr. Chan.

During the Track Record Period, some of the properties used by our Group were leased by the companies owned by Mr. Chan. As a result of the Reorganisation and in preparation for the Listing, our Group entered into a framework property agreement to lease properties numbered 1, 6, 7, 8 and 9 above from companies owned by Mr. Chan that leased the said properties. Further details of the connected transactions are set out in the section headed "Connected Transactions" to this prospectus.

CORPORATE SOCIAL RESPONSIBILITY

We recognise our responsibilities to our employees and customers in how we operate. We strive to enhance our corporate social responsibility through the active adoption of environmentally friendly practices in our offices, such as waste minimisation and recycling. We are also committed to minimising any adverse impact on the environment from our business activities and have been awarded the ISO 14001:2004 standard certification. We have adopted measures in our offices and working sites to maintain our ISO 14001 certification to reduce our risks to the environment. We provide an option for our customers to adopt the usage of eco-friendly paints, stains, tiles and other materials for the creation and encouragement of a healthy living and working environment.

LEGAL AND REGULATORY PROCEEDINGS AND COMPLIANCE MATTERS

As at the Latest Practicable Date, our Group has obtained all the necessary licenses and permits which are necessary for our normal operations. Our Group has been in compliance with all relevant laws and regulations during the Track Record Period and up to the Latest Practicable Date.

Litigation, Claims and Arbitration

As at the Latest Practicable Date, no member of our Group was involved in any claim, litigation or arbitration of material importance and no claim, litigation or arbitration of material importance is known to our Directors to be pending or threatened against any member of our Group.

Non-Compliance Matters

Our legal adviser, CFN Lawyers in association with Broad & Bright, has advised us that, during the Track Record Period and up to the Latest Practicable Date, we had no material non-compliance of applicable laws and regulations in Hong Kong that would affect our Group's operation and financial position.

Internal Control Findings and Rectification Measures

In order to improve our corporate governance, on 12 January 2016, our Group has appointed an independent internal control consultant, Antonio & Clayton CPA Limited (the "**Consultant**"), to perform a detailed evaluation on the adequacy and effectiveness of our Group's internal control system.

The scope of internal control system reviews for our Group is related to three major areas, namely operational management, reliability of financial reporting and compliance with applicable law and regulations. The details of the scope of internal control system reviews covered (i) overall management control; (ii) risk assessments; (iii) information and technology; (iv) financial reporting and disclosures; (v) human resources and compensation; and (vi) cash management. The scope has covered different aspects in relation to our operation processes, including revenue recognition process, procurement process, cash management process and financial reporting process. In addition, it has also covered internal control measures on subcontractors, including measures to ensure their compliance of laws and regulations.

After taking into account the Consultant's recommendations, we have adopted a series of internal control policies, procedures and programs designed to provide reasonable assurance for achieving objectives including effective and efficient operations, financial reporting and compliance with applicable laws and regulations as set out in the table below to enhance our internal control systems and to ensure the compliance of various applicable rules and regulations in Hong Kong.

	Major findings on internal control review	**Recommendations**
1.	Our Group had no proper system in monitoring and refraining conflict of interests, and our Directors and senior management have yet to undersign a declaration statement in relation to any conflict of interests.	Our Group should establish adequate corporate governance measures in place to manage existing and potential conflict of interests.
2.	Our Group had no internal audit department and no established policies and procedures to carry out internal audit works.	Our Group should establish internal audit functions or employ independent professionals for carrying out internal audit works.
3.	Our Group had no management system for the collection and disclosure of information of related party transactions.	Our Group should establish official guidance, policies and procedures for the collection and disclosure of information of related party transactions.
4.	Our Group had not maintained relevant record of risk assessment and documenting the basis in determining the amount of deposit during engagement acceptance process.	Our Group should maintain proper record of customer background and subsequent deposit requirement appraisal prior to project approval.

	Major findings on internal control review	Recommendations
5.	Our Group had not maintained record of prices quotation from suppliers during supplier selection process.	Our Group should maintain proper records on the assessment of suppliers and request suppliers to provide written quotation and compile a comparison list on the fees of different suppliers.
6.	Our Group had no data security system to prevent company information including design drawings and other relevant files from being copied or transferred.	Our Group should conduct regular checks and record any unusual activities of information being transferred out of company computers.

According to the results of the follow up review by the Consultant completed in April 2016, our Group had implemented measures and rectified deficiencies since March and April 2016 as recommended by the Consultant. The Consultant is of the view that the internal control measures being adopted by our Group are adequate and efficient.

Our Directors believe that the above measures could effectively establish a proper internal control system and maintain good corporate governance practices to ensure our ongoing compliance with the relevant laws and regulations by our Group. Save as disclosed, the Consultant has confirmed that the internal control measures adopted by our Group during the Track Record Period, including the measures related to our Group's operation processes, such as revenue recognition process, procurement process, cash management process and financial reporting process, are effective and contain no material failure.

VIEWS OF OUR DIRECTORS AND THE SOLE SPONSOR

As set out in the sections headed "Business – Environmental, health and safety matters" and "Business – Legal and regulatory proceedings and compliance matters" to this prospectus, our Group has laid down and implemented detailed internal control and corporate governance measures to monitor ongoing compliance with the relevant laws and regulations to prevent the occurrence of any non-compliance in the future. Our Directors believe that the corporate governance and internal control measures could effectively establish a proper internal control system and maintain good corporate governance practices of our Group. In view of the measures in place, our Directors are of the view, and the Sole Sponsor concurs, that these systems are sufficient and effective to ensure ongoing compliance with the relevant laws and regulations by our Group.

OVERVIEW

Immediately following completion of the Share Offer, Mr. Chan and Chun Wah (an investment holding company wholly-owned by Mr. Chan, which has not commenced any substantive business activities as at the Latest Practicable Date) will control more than 30% of our Company's issued share capital. For the purpose of the GEM Listing Rules, Mr. Chan and Chun Wah are the Controlling Shareholders.

Each of Mr. Chan and Chun Wah confirms that he/it does not hold or conduct any business which competes, or is likely to compete, either directly or indirectly, with the business of our Group.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDER

In the opinion of our Directors, our Group is capable of carrying on its businesses independently of, and does not place undue reliance on, the Controlling Shareholders, their respective associates or any other parties, taking into account the following factors:

(i) Financial independence

Our Group has its own financial management system and the ability to operate independently from the Controlling Shareholders from a financial perspective. Our Directors believe that our Group is capable of obtaining financing from external sources without reliance on the Controlling Shareholders.

(ii) Operational independence

Despite the fact that we will have fully exempted continuing connected transactions in connection with a framework agreement to use properties being leased by connected persons of our Company, for details, please refer to section headed "Connected transactions – Fully exempted continuing connected transactions" in this prospectus, having considered that (i) our Group has established our own organisational structure comprising of individual departments, each with specific areas of responsibilities; and (ii) our Group has not shared our operational resources, such as customers, marketing, sale and general administration resources with the Controlling Shareholders and/or their associates, our Directors are of the view that our Group has no operational dependence on the Controlling Shareholders.

(iii) Management independence

Our Company aims at establishing and maintaining a strong and independent Board to oversee our Group's business. The main function of the Board includes the approval of its overall business plans and strategies, monitoring the implementation of these policies and strategies and the management of our Company. Our Company has an independent management team, which is led by a team of senior management with substantial experience and expertise in its business, to implement our Group's policies and strategies.

The Board consists of six Directors, comprising three executive Directors and three independent non-executive Directors. Mr. Chan is an executive Director and the Chairman of our Company. Mr. Chan, who is the sole director of Chun Wah, is the overlapping director between our Group and the Controlling Shareholder. None of the other Directors nor members of senior management hold any directorship or position in the Controlling Shareholders.

We consider that our Board and senior management are capable of managing our Group's business independently from the Controlling Shareholders because:

- each of the Directors is aware of his or her fiduciary duties as a director which require, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest to exist;

- the independent non-executive Directors have extensive experience in different areas and have been appointed in accordance with the requirements of the GEM Listing Rules to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions;

- in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and the Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant Board meeting in respect of such transactions and shall not be counted in the quorum present at the particular Board Meeting;

- connected transactions between our Group and our Controlling Shareholders or our respective associates are subject to the requirements under the GEM Listing Rules, including the requirements of reporting, announcement and independent Shareholders' approval (where applicable); and

- in addition, the senior management team of our Group are independent from the Controlling Shareholders.

RULE 11.04 OF THE GEM LISTING RULES

The Controlling Shareholders, the Directors and their respective associates do not have any interest in a business apart from our Group's business which competes and is likely to compete, directly or indirectly, with our Group's business and would require disclosure under Rule 11.04 of the GEM Listing Rules.

LOCK-UP UNDERTAKINGS BY OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders, namely Mr. Chan and Chun Wah, have given an undertaking to the Stock Exchange pursuant to Rule 13.16A(1) of the GEM Listing Rules which specifies that, except for the circumstances permitted pursuant to Rule 13.18 of the GEM Listing Rules, each of our Controlling Shareholders shall not and shall procure that his/its associates or companies controlled by him/it or our nominees or trustees holding the Shares in trust for him/it (as the case may be) shall not:

(a) within the period commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholders is made in this prospectus and ending on the date which is six months from the Listing Date (the "First Six-month Period"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/it is or they are shown by this prospectus to be the beneficial owner(s); or

(b) within the period of six months commencing on the date on which the First Six-month Period expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in the preceding paragraph if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, that person or group of persons would cease to be a Controlling Shareholder.

In addition to the undertakings pursuant to Rule 13.16A of the GEM Listing Rules, our Controlling Shareholders have entered into a deed of lock-up undertaking with our Company (for itself and for the benefit of each of its subsidiary) on 24 March 2017. Pursuant to the deed of lock-up undertaking, our Controlling Shareholders have voluntarily undertaken to the Company for a further 12 months commencing on the date on which the period referred to in paragraph (b) above expires, not to dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a Controlling Shareholder. This undertaking can only be waived by the approval of majority of the independent Shareholders.

The Controlling Shareholders believe that the above arrangement, apart from satisfying the lock-up requirement under Rule 13.16A of the GEM Listing Rules, demonstrates their long-term commitment to our Group and confidence in its future development.

NON-COMPETITION UNDERTAKINGS

In order to avoid any possible future competition between our Group and the Controlling Shareholders, namely Mr. Chan and Chun Wah (each a "Covenantor" and collectively the "Covenantors") have entered into the Deed of Non-competition with our Company (for itself and for the benefit of each other member of our Group) on 24 March 2017. Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably

and unconditionally undertaken to our Company (for itself and as trustee for its subsidiaries) that, during the period that the Deed of Non-competition remain effective, he/it shall not, and shall procure that his/its associates (other than any member of our Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of our Group.

Each of the Covenantors further undertakes that if he/it or his/its associates other than any member of our Group is offered or becomes aware of any business opportunity which may compete with the business of our Group, he/it shall (and he/it shall procure his/its associates to) notify our Group in writing and our Group shall have a right of first refusal to take up such business opportunity. Our Group shall, within 6 months after receipt of the written notice (or such longer period if our Group is required to complete any approval procedures as set out under the GEM Listing Rules from time to time), notify the Covenantor(s) whether our Group will exercise the right of first refusal or not.

Our Group shall only exercise the right of first refusal upon the approval of all our independent non-executive Directors (who do not have any interest in such opportunity). The relevant Covenantor(s) and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of the independent non-executive Directors for considering whether or not to exercise the right of first refusal.

The undertakings contained in the Deed of Non-competition are conditional upon the Listing Division granting approval for the listing of and permission to deal in the Shares on the Stock Exchange and all conditions precedent under the Underwriting Agreements having been fulfilled (or where applicable, waived) and the Underwriting Agreements not having been terminated in accordance with its terms. If any such condition is not fulfilled on or before the date falling 30 days after the date of this prospectus (or if such date is not a Business Day, the immediate preceding Business Day), the Deed of Non-competition shall lapse and cease to have any effect whatsoever and no party shall have any claim against the other under the Deed of Non-competition.

The Deed of Non-competition shall terminate on (i) in relation to any Covenantor, the date on which he/it together with his/its associates, whether individually or taken together, ceases to be interested in 30% (or such other amount as may from time to time be specified in the GEM Listing Rules as being the threshold for determining a controlling shareholder of a company) or more of the entire issued share capital of our Company; or (ii) the date on which the Shares shall cease to be listed and traded on the Stock Exchange (except for temporary trading halt or suspension of trading of the Shares on the Stock Exchange due to any reason).

CORPORATE GOVERNANCE MEASURES

To avoid potential conflicts of interest, our Group will implement the following measures:

(i) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and the Directors (or their associates), the interested Directors shall abstain from voting at the relevant Board meeting and shall not be counted in the quorum;

(ii) the Covenantors will make an annual confirmation as to compliance with his/its undertaking under the Deed of Non-Competition for inclusion in the annual report of our Company;

(iii) our Company has appointed Frontpage Capital as its compliance adviser, which will provide advice and guidance to our Company in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors' duties and internal controls. Please refer to the section headed "Directors, Senior Management and Employees – Compliance Adviser" in this prospectus for further details in relation to the appointment of compliance adviser;

(iv) the Controlling Shareholders undertake to provide all information requested by our Group which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-Competition; and

(v) the independent non-executive Directors will, based on the information available to them, review on an annual basis (a) the compliance with the Deed of Non-Competition; and (b) all the decisions taken in relation to whether to pursue the new opportunity under the Deed of Non-Competition. Findings of such review will be disclosed in our Company's annual report after Listing.

OVERVIEW

Prior to the Listing, our Group has entered into various transactions with Mr. Chan and his associates during the Track Record Period to lease some properties currently used as branches or storage room. Some of these transactions will continue after the Listing and constitute continuing connected transactions (as defined under the GEM Listing Rules) of our Company.

Accordingly, we have entered into a framework property agreement with Mr. Chan that will, upon the Share Offer, be our connected person (as defined under Chapter 20 of the GEM Listing Rules) in our ordinary and usual course of business. Following the Share Offer, the transactions contemplated under such framework property agreement will constitute our continuing connected transactions under the GEM Listing Rules.

CONNECTED PERSON

Mr. Chan is the Controlling Shareholder of our Company and a connected person of our Group. Therefore, any transaction between our Group and Mr. Chan or his associates constitutes connected transaction of our Group.

FULLY EXEMPTED CONTINUING CONNECTED TRANSACTIONS

Following the Listing, the following transactions will be regarded as continuing connected transactions of the Company which are exempted from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Property framework agreement between our Group and Mr. Chan

On 1 April 2016, our Group entered into a framework property agreement to use properties being leased by the connected persons of our Company as branches or storage room. Principal terms of the framework property agreement are follows:

Principal terms

Parties	:	(i) Our Company (represent itself and its subsidiaries); and (ii) Mr. Chan.
Subject matter	:	Pursuant to the framework property agreement, Mr. Chan will lease or license, or procure his associates to lease or license, properties leased by him or his associates to our Group to be used as branches or storage room, as the case may be. The parties will further enter into separate agreement for each property to specify the details of the tenancy/license that is governed within the scope of the framework property agreement.

Term	:	The framework property agreement is valid for a term of three years commencing from 1 April 2016 and ending on 31 March 2019 (both days inclusive).
Pricing policy	:	Fees charged under the framework property agreement shall be equal or no less favourable than the market rate for comparable properties within the vicinity and in the case of properties leased by Mr. Chan or his associates, they shall not be higher than the price paid by Mr. Chan or his associates.
Payment terms	:	Payment terms of the fees and deposits of the properties will be on normal commercial basis and in line with market practice.

There are 5 leased properties under the framework property agreement. These properties are (i) our Fo Tan workshop, (ii) our two office units in Mongkok, (iii) our new branch in Kwun Tong, and (iv) our old Sha Tin branch, whose lease was expired on 31 May 2016. Please refer to the table illustrating the summary of the properties under the paragraph headed "Properties" in the section headed "Business" for details of abovementioned properties.

Historical transaction amounts and proposed annual caps

The table below outlines the historical and future annual caps for the properties leased/sub-licensed by our Group from Mr. Chan and his associates:

(i) Historical transaction amounts

	For the financial year ended 31 March		**For the eight months ended 30 November**
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Aggregate rental fee paid	2,312	2,549	995

(ii) Proposed annual caps

Connected Parties	Leased Properties	For the financial year ending 31 March 2017	2018	2019
		HK$'000	*HK$'000*	*HK$'000*
Rising Wing Enterprises Limited	Factory Unit I, 3/F Fu Cheung Centre Nos. 5-7 Wong Chuk Yeung Street Fo Tan, New Territories	171	–	–
Rising Wing Enterprises Limited	17th Floor, Chuang's Enterprises Building, No. 382 Lockhard Road, Wan Chai	146	–	–
Happy Field Corporation Limited	Units 1 and 2, 8th Floor, One Mong Kok Road Commercial Centre, No. 1 Mong Kok Road, Mong Kok	615	308	–
Rising Wing Enterprises Limited	Shop Unit 616, Citylink Plaza, Sha Tin	112	–	–
Rising Wing Enterprises Limited	Unit No. 2905, 29/F, Prosperity Place No. 6 Shing Yip Street, Kwun Tong	293	319	80
Mr. Chan	Office H, 19/F, Kings Wing Plaza 1, No. 3 On Kwan Street, Shek Mun, Sha Tin	15	–	–
		1,352	627	80

The proposed annual caps of the framework property agreement were determined based on the rental fee stated in the respective rental agreement, which are based on (i) historical rental fee paid by Mr. Chan or his associates; (ii) expected demand of the properties used or to be used by our Group; and (iii) market rate of comparable properties in nature, usage and size within vicinity.

Upon the expiration of the existing leasing agreements entered into between the associates of Mr. Chan and the owners of the properties, our management plans to negotiate and enter into leasing agreements with the owners of the properties directly. Accordingly, the aggregated rental fees under the continuing connected transactions are expected to be decreased significantly between 2017 and 2019 and eventually become nil once all lease has expired. Please refer to the paragraph headed "Properties" to the section headed "Business" for the details of the tenure of respective properties between 2017 and 2019.

Reasons for the transaction

Prior to the Reorganisation, Mr. Chan used two companies to handle property and administrative business of our Group. As part of the Reorganisation, these two companies have been excluded as they carry out business that is dissimilar to our Group. As the lease agreements are still held by these companies and have yet to expire, our Group resolves to continue leasing these properties.

Our Directors are of the view that Mr. Chan and his associates have secured strategic locations for our Group to operate and have negotiated a favourable rate. Therefore, it will be in the interest of our Company to continue with the existing lease/sub-licence and locations to minimise disruption to our business or incur additional cost by terminating the current lease/sub-licence.

As the relevant applicable percentage ratios with respect to the transactions contemplated under the framework property agreement above on an annual basis is less than 5% and the aggregated annual consideration is less than HK$3,000,000, the entering into of the framework property agreement constitutes an exempted continuing connected transaction of our Company under Rule 20.74(1)(c) of the GEM Listing Rules, and is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable to our Company as of the Latest Practicable Date on the continuing connected transactions referred to herein, our Company will take immediate steps to ensure the compliance with such new requirements within a reasonable time.

CONFIRMATION FROM THE DIRECTORS AND THE SOLE SPONSOR

Our Directors (including the independent non-executive Directors) and the Sole Sponsor are of the view that: (i) the framework property agreement was entered into in the ordinary and usual course of business of our Group and is on normal commercial terms; (ii) the terms of the framework property agreement are fair and reasonable and in the interests of the Shareholders as a whole; and (iii) that the proposed annual caps for the transactions under the framework property agreement are fair and reasonable and in the interests of the Shareholders as a whole.

BUSINESS OBJECTIVES AND STRATEGIES

Our Group's objective is to become a leading interior design and fit-out services provider for residential properties in Hong Kong. In order to achieve such objectives, we intend to implement our business strategies by increasing our presence in Hong Kong, build a brand and image of a reliable interior design and fit-out service provider, and further enhance our service level to obtain more returning customers and referrals. For further details of our business objectives and strategies, please refer to the section headed "Business – Business strategies" to this prospectus.

IMPLEMENTATION PLANS

We will endeavor to achieve the following milestone events during the period from the Latest Practicable Date to 30 September 2019, and their respective scheduled completion times are based on certain bases and assumptions as set out in the paragraph headed "Bases and key assumptions" in this section. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors as set out under the section headed "Risk Factors" in this prospectus. Therefore, there is no assurance that our business plans will materialise in accordance with the estimated time frame and that our future plans will be accomplished at all.

From the Latest Practicable Date to 30 September 2017

Business strategy	Use of proceeds	Implementation plans
Expansion of market coverage in Hong Kong	HK$7,830,000	• To acquire a new office in Tsuen Wan through mortgage financing
	HK$1,170,000	• Related fees due to the acquisition of the new office, and the new office fit-out and refurbishment costs
Strengthen sales and marketing efforts	HK$1,000,000	• To engage in an informative advertising campaign by providing design and renovation information as a television programme
		• To increase advertising frequency on traditional media such as weekly magazine and billboards
		• To increase online advertisement
	HK$200,000	• To engage a celebrity to market and endorse our services
Recruiting high caliber talents and enhance internal training to support future growth	HK$590,000	• To hire additional employees and talents
	HK$200,000	• To organise internal training and seminar

Business strategy	Use of proceeds	Implementation plans
Upgrade our information systems	HK$200,000	• To pay deposit for system design
Development of fleet of vehicles	HK$500,000	• To purchase a vehicle
	HK$100,000	• Related fees due to the purchase of the vehicle

From the 1 October 2017 to 31 March 2018

Business strategy	Use of proceeds	Implementation plans
Strengthen sales and marketing efforts	HK$700,000	• To increase advertising frequency on traditional media such as weekly magazine and billboards
		• To increase online advertisement
	HK$200,000	• To engage a celebrity to market and endorse our services
Recruiting high caliber talents and enhance internal training to support future growth	HK$210,000	• To hire additional employees and talents
	HK$300,000	• To organise internal training and seminar
	HK$400,000	• To offer incentive bonus to employees
Upgrade our information systems	HK$400,000	• To pay stage payment for software development
Development of fleet of vehicles	HK$500,000	• To purchase a vehicle
	HK$100,000	• Related fees due to the purchase of the vehicle

From the 1 April 2018 to 30 September 2018

Business strategy	Use of proceeds	Implementation plans
Strengthen sales and marketing efforts	HK$600,000	• To increase advertising frequency on traditional media such as weekly magazine and billboards
		• To increase online advertisement
	HK$200,000	• To engage a celebrity to market and endorse our services
Recruiting high caliber talents and enhance internal training to support future growth	HK$200,000	• To hire additional employees and talents
	HK$300,000	• To organise internal training and seminar
	HK$500,000	• To offer incentive bonus to employees
Upgrade our information systems	HK$900,000	• To pay stage payment for software development after delivery
Development of fleet of vehicles	HK$500,000	• To purchase a vehicle
	HK$100,000	• Related fees due to the purchase of the vehicle

From the 1 October 2018 to 31 March 2019

Business strategy	Use of proceeds	Implementation plans
Expansion of market coverage in Hong Kong	HK$2,000,000	• To fit out new offices due to relocation or refurbish office design
Strengthen sales and marketing efforts	HK$700,000	• To increase advertising frequency on traditional media such as weekly magazine and billboards
		• To increase online advertisement
	HK$200,000	• To engage a celebrity to market and endorse our services
Recruiting high caliber talents and enhance internal training to support future growth	HK$800,000	• To hire additional employees and talents
	HK$300,000	• To organise internal training and seminar
Upgrade our information systems	HK$400,000	• To pay final stage payment for software development
Development of fleet of vehicles	HK$500,000	• To purchase a vehicle
	HK$100,000	• Related fees due to the purchase of the vehicle

From the 1 April 2019 to 30 September 2019

Business strategy	Use of proceeds	Implementation plans
Expansion of market coverage in Hong Kong	HK$10,430,000	• To acquire a new office through mortgage financing to serve customers of Hong Kong eastern area
	HK$1,570,000	• Related fees due to the acquisition of the new office, and the new office fit-out and refurbishment costs
Strengthen sales and marketing efforts	HK$600,000	• To increase advertising frequency on traditional media such as weekly magazine and billboards
		• To increase online advertisement
	HK$200,000	• To engage a celebrity to market and endorse our services
Recruiting high caliber talents and enhance internal training to support future growth	HK$800,000	• To hire additional employees and talents
	HK$300,000	• To organise internal training and seminar
	HK$600,000	• To offer bonus to employees
Upgrade our information systems	HK$400,000	• To upgrade office systems and design softwares
Development of fleet of vehicles	HK$500,000	• To purchase a vehicle
	HK$100,000	• Related fees due to the purchase of the vehicle

Expansion of market coverage in Hong Kong

We intend to set up 2 additional branches in Hong Kong in order to increase our market coverage to serve customers who are otherwise unlikely to reach our existing branches. Based on current market indications, a branch in Quarry Bay could serve customers of the Eastern District better, and a branch closer to Tsuen Wan MTR station could serve the customers in the New Territories West region better. Although the current Tsuen Wan branch, which was set up in March 2015 only contributed approximately 4% of our total revenue for the year ended 31 March 2016, our Directors consider that setting up a new branch in Tsuen Wan is commercially justifiable, after taking account of (i) the operating history of the branch located in the populated area of Tsuen Wan prior to the Track Record Period has demonstrated that Tsuen Wan is a major market for our Group; (ii) the revenue attributable to the existing Tsuen Wan branch has been improving and showed a considerable increase of approximately 85.1% for the eight months ended 30 November 2016 comparing with that for the corresponding period in 2015; (iii) the target property for

the new Tsuen Wan branch is near to the Tsuen Wan MTR station, which is relatively more populated and could serve the customers in the New Territories West region, including Tuen Mun and Yuen Long, better; (iv) the expected considerable number of new completion units in Tsuen Wan region in the coming few years; and (v) our Group's established reputation in this region for the past years could be retained and continue to bring new businesses to our Group in the future.

We would prefer to acquire properties for these new branches as relocation upon lease expirations are disruptive to our business. When assessing the option of acquiring new office premises, although historically the CAGR of private offices rentals indices of 3.7% was less than the CAGR of composite consumer price indices of 4.3% throughout 1981 to 2015 as published by the Government, we have taken into account, among others, (i) the ownership of office properties would also mean that we can invest more in decorating our branches, including the adoption of more modern designs and visualising decorations, which are more impressive and attractive to our clients and potential clients without the worry of having to relocate; (ii) although rental cost accounts for approximately 12.1% of our total administrative and operating expense, the relocation will incur costs for fitting out, which normally costs over HK$500,000 per relocation together with other hidden cost of relocation, which cannot be fully quantified; (iii) frequent relocation not only causes customer attrition as customers may fail to locate our offices or shops, but also damage our Group's image of stability and reduce our customers' confidence, which is crucial to our business, as the customers take this into consideration when prepaying for our services; (iv) the estimated annual depreciation of the newly acquired office premises will be at same level with the existing rentals of our outlets; (v) our enhanced fixed assets base would facilitate our negotiation with banks for financing as we could pledge our property for loans of larger amount or lower interest rate; (vi) acquiring our own premises could counter the impact of rising rental costs in the future; and (vii) saving our Group's and management resources and attention in negotiating new leases and relocation if such leases are not renewed. In view of the above, our Directors consider that the purchases of new properties are commercially justifiable and commensurate with our business strategies.

We plan to acquire the property to be used for our new Tsuen Wan branch shortly upon listing, and the property to be used for Quarry Bay in mid 2019. Based on the current market conditions and our selection criteria, an office of approximately 1,000 sq.ft. in the abovementioned regions would cost between HK$10,000,000 to HK$15,000,000. We intend to take out a mortgage to finance this acquisition and use part of the proceeds from the Share Offer as partial payment of the properties, and also to renovate and fit-out the offices. The additional annual depreciation expenses to be incurred as a result of the purchase of these two office properties will be approximately HK$421,000, HK$421,000 and HK$877,000 for the three years ending 31 March 2020, respectively. The rental expenses to be saved as a result of the purchase of, instead of the rental of these two office properties is expected to be approximately HK$480,000 per property per year.

Strengthen sales and marketing efforts

We have historically advertised on magazines and online to promote our services under our brand "". During the Track Record Period, we have incurred advertising expenses of approximately HK$3,096,000, HK$4,075,000 and HK$2,397,000, respectively. We intend to advertise more aggressively by increasing the annual advertising expenses by approximately HK$1,700,000 and HK$1,300,000 over the advertising expense for the financial years ending 31 March 2018 and 2019 respectively, which include traditional and online advertisement, event sponsorships and informative advertising. We intend to engage in an informative advertising campaign whereby we will provide design and renovation information in television programmes as a form of advertising. We expect this will incur an additional approximately HK$1,000,000 for the year ending 31 March 2018. We also have identified and planned to engage a celebrity as a spokesperson and include him/her in our advertising campaigns for the years ending 31 March 2018 and 2019. Depending on the popularity of the celebrity, the cost of engaging such a person is estimated to be approximately HK$400,000 per year.

Given that our Group's business is focused on the residential consumer market and not commercial market, branding and image of our Group is critical to the success of such retail business model. Therefore, marketing, advertising and the engagement of a celebrity spokesperson are key elements of building a successful retail business brand and image. Our Directors believe that a reputable brand and image is the key driving factor of our growth, as we rely on customers to approach our branches instead of us actively soliciting customers.

Recruiting high caliber talents and enhance internal training to support future growth

In line with our expansion plans of new branches and to serve more customers, we will need to hire additional talents and employees to serve these customers through the new branches.

Upon the relocation of our Tsuen Wan office, we intend to recruit one design manager, one senior designer, one designer, one draftsman and one sale person to cope with the expansion of our business. We will further recruit one more staff for our project management to support the opening of this new branch. For the financial year ended 2018, we will hire one driver to cope with the development of fleet of vehicles. We expect such hiring of seven talents will incur additional HK$800,000 for our staff costs for the year ending 31 March 2018.

We intend to expand by recruit one senior designer, one designer, one sales person, one draftsman and one more staff for our project management to cope with our expansion plan of our Wan Chai branch. Apart from these hiring, we will recruit two more drivers to cope with the development of fleet of vehicles, and one accounting staff and one draftsman for supporting the normal business operation. We expect such hiring of nine talents will incur additional HK$1,000,000 for our staff costs for the year ending 31 March 2019. For the six months ending 30 September 2019, we are planning to open a new branch in Quarry Bay. In order to accommodate such expansion plan, we will recruit one design manager, one senior designer, one designer, one sales person and one draftsman.

As for our trainings, we expect to incur an average of HK$50,000 per month to provide training or motivational talks for the two years ending 31 March 2019. We also expect to use this portion of the proceed to provide team or morale building retreats. We will allocate approximately HK$500,000 to HK$600,000 per year as bonuses to encourage and motivate our employees.

Upgrade our information systems

We intend to upgrade our project management system to an online system whereby the progress status of each project can be viewed and tracked online. We have been in discussions with software companies and the estimated cost of such software would be approximately HK$2,300,000. Development of such software is estimated to require an initial design fee of HK$200,000, with the remaining HK$2,100,000 paid over various stages of the development.

Development of fleet of vehicles

We intend to develop a fleet of vehicles that will provide transportation for our sales team and designers to visit customers' residences to provide a more immediate solution on how the property should be renovated. We expect this approach to increase the intimacy of our design recommendations as our sales officers and designers can easily feel and relate to what customers may prefer based on visiting their current homes. This additional transportation arrangement also allows project management staff to have the ease of access to customers, which enable them to bring material samples for customers viewing and potential customers to view sample interior designs. These vehicles can also serve as moving billboards whereupon we can place our advertisements. Through this approach, we plan to purchase five new seven-seater vehicles for five of our existing outlets, or one every 6 months until the period ending 30 September 2019. Our Group intends to acquire these new vehicles without entering into any finance lease agreements to eliminate additional interest costs. Additional annual depreciation expenses to be incurred as a result of the purchase of these vehicles will be approximately HK$150,000 and HK$350,000 for the two years ending 31 March 2019, respectively.

BASES AND KEY ASSUMPTIONS

Potential investors should note that the attainability of our business objective depends on a number of assumptions, in particular:

- there will be no significant economic change in respect of inflation, interest rate and tax rate that will adversely affect our business operations;

- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;

- there will be no material change in the existing laws (whether in Hong Kong or any part of the world), policies, or industry or regulatory treatment relating to us, or in the political, economic or market conditions in which we operate or will operate;
- there will be no material change in the bases or rates of taxation applicable to us;
- there will be no disaster, natural, political or otherwise, which would materially disrupt our business operations or cause substantial loss, damage or destruction to our properties or facilities;
- there will be no significant change in the business relationships with our subcontractors and material suppliers;
- we will not be materially affected by the risk factors as set out in the section headed "Risk Factors" to this prospectus;
- the Share Offer will be completed in accordance with and as described in the section headed "Structure and conditions of the Share Offer" to this prospectus;
- we will retain key personnel in our management team; and
- there will be no material changes in the funding required for each of the scheduled achievements as outlined under "– Implementation Plans" in this section.

REASONS FOR THE SHARE OFFER AND THE USE OF PROCEEDS

We have been operating in the provision of interior design and fit-out services in Hong Kong for over 20 years. As our Group intends to grow and expand continuously, we require proceeds raised from the Listing to (i) build a better operating base by securing long term offices or shops; (ii) advertise more aggressively in order to promote their brand, which has always been our Group's business strategy; (iii) engage more personnel to serve the expanded customer base; and (iv) provide support to our staff in the form of technology and transportation convenience so that they can serve more customers.

According to the Euromonitor Report, there is no official ranking system in the interior design and fit-out services industry in Hong Kong, and our ability to secure new projects depends heavily upon our corporate image and reputation, as we provide our services mainly to retail customers. Aside from raising funds, we also hope that through the Listing, our brand and image is enhanced as a listed company, which will attract more retail customers. In addition, the Listing will also enhance the public's confidence in our Group, which is an important element considering that our customers have prepay for our services.

A public listing status on GEM will allow us to access to capital market for future corporate finance exercises, which will assist in our future business development and strengthen our competitiveness. In addition, the Listing will expand and diversify our shareholders base as it will allow institutional and professional investors in Hong Kong to

easily participate in the equity of our Company, thereby establishing a solid institutional and professional shareholders base to the benefit of our Company and Shareholders as a whole. On an operational level, our Directors consider that the Listing will also enhance our recruitment strategy in attracting more talents to join us.

On the basis that the Offer Price is HK$0.29 (being the mid-point of the indicative range of the Offer Price range of HK$0.26 to HK$0.32), our Directors estimate that the net proceeds to be received by us from the Share Offer (after deducting underwriting fees, brokerage and the estimated listing expenses in connection with the Share Offer) will be approximately HK$40,475,000. Our Directors presently intend that the net proceeds payable to us from the Share Offer will be applied for the period from the Latest Practicable Date to 30 September 2019 as illustrated as follows.

The net proceeds to be used over the period from the Latest Practicable Date up to 30 September 2019 is summarised as below:

	From Latest Practicable Date to 30 September 2017	**For the six months ended 31 March 2018**	**For the six months ended 30 September 2018**	**For the six months ended 31 March 2019**	**For the six months ended 30 September 2019**	**Total**	**Approximate percentage of net proceeds**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*%*
Expansion of market coverage in Hong Kong	9,000	–	–	2,000	12,000	**23,000**	56.8
Strengthen sales and marketing efforts	1,200	900	800	900	800	**4,600**	11.4
Recruiting high caliber talents and enhance internal training to support future growth	790	910	1,000	1,100	1,700	**5,500**	13.6
Upgrading information systems	200	400	900	400	400	**2,300**	5.7
Development of fleet of vehicles	600	600	600	600	600	**3,000**	7.4
General working capital	415	415	415	415	415	**2,075**	5.1
	12,205	3,225	3,715	5,415	15,915	**40,475**	100.0

Our Directors plan to use the remaining net proceeds of approximately HK$2,075,000 (approximately 5.1% of the net proceeds) for working capital and other general corporate purposes.

In the event that the Offer Price is set at the high-end or the low-end of the proposed Offer Price range, the net proceeds from the Share Offer will increase or decrease by approximately HK$5,790,000 to, high-end of approximately HK$46,265,000 and low-end of approximately HK$34,685,000, after deducting related listing expenses, respectively. We intend to use the net proceeds based on the percentages disclosed above, regardless of whether the Shares are priced at the high-end or low-end of the proposed Offer Price.

To the extent that the net proceeds from the Share Offer are not immediately required for the above purposes, it is the present intention of our Directors that such net proceeds will be placed on short-term interest-bearing deposits with authorised financial institutions.

Our Directors consider that the net proceeds from the Share Offer together with our internal resources will be sufficient to finance the implementation of our business plans as set forth in the section headed "Implementation plans" above. **Investors should be aware that any part of our business plans may not proceed according to the time frame as described above due to various factors. Under such circumstances, our Directors will evaluate carefully the situation and will hold the funds as short-term deposits until the relevant business plan(s) materialise.**

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds after the Listing.

BOARD OF DIRECTORS

Our Board currently consists of six Directors, comprising three executive Directors and three independent non-executive Directors. The following table sets forth certain information in respect of our Directors:

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Principal roles and responsibilities	Relationship with other Directors and senior management
Executive Directors						
Mr. Chan Lai Sin (陳禮善)	52	Chairman and executive Director	9 August 1996	17 February 2016	Responsible for overall strategic management and development of our Group's business operations	None
Mr. Hung Lap Ka (洪立家)	29	Executive Director	18 October 2010	6 May 2016	Responsible for the day-to-day management and operation of our Group	None
Ms. So Hiu Bik (蘇曉碧)	33	Executive Director	1 January 2010	6 May 2016	Responsible for the day-to-day management and operation of our Group	None
Independent non-executive Directors						
Mr. Kwan Ngai Kit (關毅傑)	37	Independent non-executive Director	24 March 2017	24 March 2017	Serves as a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of our Company and exercises independent judgment and advises on the issues of strategy, performance, resources and standard of conduct of our Group. Also reviews the financial information of our Group on a regular basis	None
Ms. Lui Lai Chun (呂麗珍)	34	Independent non-executive Director	24 March 2017	24 March 2017	Serves as a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of our Company and exercises independent judgment and advises on the issues of strategy, performance, resources and standard of conduct of our Group. Also reviews the financial information of our Group on a regular basis	None
Mr. Wu Loong Cheong Paul (吳龍昌)	53	Independent non-executive Director	24 March 2017	24 March 2017	Serves as a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of our Company and exercises independent judgment and advises on the issues of strategy, performance, resources and standard of conduct of our Group. Also reviews the financial information of our Group on a regular basis	None

The following table sets forth certain information of the senior management of our Group:

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Principle roles and responsibilities	Relationship with other Directors and senior management
Mr. Siu Ka Sing（蕭嘉星）	36	Chief executive officer	11 May 2004	1 January 2009	Responsible for overseeing general operations and devising business strategies	Spouse of Ms. Wan Pui Chi
Mr. Chung Wai Pan（鍾偉斌）	34	Design manager	16 February 2008	1 August 2011	Responsible for coordinating consultants' designs of our Group's projects	None
Mr. Tang Fook Bor（鄧福波）	53	Engineering manager	18 October 2002	1 April 2010	Responsible for overseeing the engineering works of our Group's projects	None
Ms. Wan Pui Chi（溫佩芝）	34	Human resources manager	27 October 2004	1 January 2009	Responsible for human resources management	Spouse of Mr. Siu Ka Sing

DIRECTORS

Executive Directors

Mr. Chan Lai Sin（陳禮善）, aged 52, is the founder of our Group. He is responsible for the overall strategic management and development of our Group's business operations. Mr. Chan was appointed to our Board and designated as an executive Director and the Chairman of our Company on 6 May 2016.

Mr. Chan has nearly 20 years of experience in the interior design and furnishing industry. Prior to founding our Group, Mr. Chan began working as a clerk in MTR Corporation Limited from August 1981 to October 1982 and later joined the Hong Kong Police Force (formerly the Royal Hong Kong Police Force) as a policeman from June 1983 to November 1987. Mr. Chan joined Bellok Company Limited (also known as Chung Ngai Furniture Factory（中藝傢俬廠）) as a sales representative in May 1988 and left in July 1996 with his last position held as sales manager. He later founded our Group in August 1996.

Further, Mr. Chan was awarded as one of "2012-2013 Top 10 Most Influential Interior Designers (Residential)（2012-2013年度十大最具影響力設計師（住宅空間類））" at "The 8th China International Architectural Decoration and Design Art Fair（第八屆中國國際建築裝飾及設計博覽會）" in China.

Mr. Chan received his bachelor degree of general studies and master degree of business administration from The Open University of Hong Kong in June 2011 and November 2015 respectively. He is currently the chairman of Hong Kong Famous Designers Association.

Mr. Chan was a director of the following company incorporated in Hong Kong which was dissolved (but not due to member's voluntary winding-up) with details as follow:

Name of Company	Nature of business immediately prior to dissolution	Date of dissolution
Wigent Limited *(Note)*	Ceased business	8 December 2000

Note:

Wigent Limited was deregistered under section 291AA of the Predecessor Companies Ordinance. Under section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if (a) all the members of such company agree to such deregistration; (b) such company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than three months immediately before the application; and (c) such company has no outstanding liabilities.

Mr. Chan confirmed that there is no wrongful act on his part leading to the above dissolution of Wigent Limited and he is not aware of any actual or potential claim has been or will be made against him as a result of the dissolution of Wigent Limited.

Mr. Hung Lap Ka（洪立家）**("Mr. Hung")**, aged 29, was appointed as an executive Director on 6 May 2016. Mr. Hung is responsible for the day-to-day management and operation of our Group and is mainly in charge of human resources of our Group, namely the coordination and management of employees, maximising employee performance through the supervision of internal business operations and dealing with employee performance issues, and recruiting and training interior design and fit-out talent to support the development of the Group.

Mr. Hung has over 5 years of experience in human resource management in the interior design and fit-out industry. Mr. Hung joined our Group as human resources officer in October 2010 and was later promoted to human resources manager in January 2013. He was responsible for supporting human resources and office administrative functions, including but not limited to staff recruitment as well as staff training and development. Mr. Hung worked as an entertainment news reporter in Television Broadcasts Limited (stock code: 0511), a company listed on the Stock Exchange, from May 2009 to November 2009, where he was mainly responsible for television programmes' script writing and interviews.

Mr. Hung received his bachelor degree of business administration (honours) in human resources management from the City University of Hong Kong in July 2009. He has also been a professional member of the Hong Kong Institute of Human Resource Management since April 2015, a professional body of human resource management professionals and human resource advisory institute in Hong Kong.

Ms. So Hiu Bik（蘇曉碧）("Ms. So"), aged 33, was appointed as an executive Director on 6 May 2016. Ms. So is responsible for the day-to-day management and operation of our Group.

Ms. So has over 6 years of experience in the interior design industry. Ms. So joined our Group as design manager in January 2010. She was mainly responsible for organising and supervising design teams, participating in presentations and interviews, building and maintaining day-to-day relationships with clients, and working collaboratively to find creative solutions to lead and manage project challenges.

She obtained her bachelor degree of design in visual communication from the University of Technology, Sydney in March 2010.

Independent non-executive Directors

Mr. Kwan Ngai Kit（關毅傑）("Mr. Kwan"), aged 37, was appointed as our independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of our Company on 24 March 2017. Mr. Kwan is responsible for providing independent judgment and advises on the issue of strategy, performance, resources and standard of conduct of our Group, and reviewing the financial information of our Group on a regular basis.

Mr. Kwan was the executive director, the chief financial officer and company secretary of Vision Fame International Holding Limited (stock code: 1315), a company listed on the Main Board of the Stock Exchange from June 2014 to October 2016. He is mainly responsible for matters relating to corporate finance, mergers and acquisitions, corporate governance as well as finance and accounting management. Mr. Kwan served as an independent non-executive Director of Group Sense (International) Limited (stock code: 601), a company listed on the Main Board of the Stock Exchange, since June 2016. He has also served as the chief financial officer and company secretary of Modern Dental Group Limited (stock code: 3600), a company listed on the Main Board of the Stock Exchange, since October 2016.

Mr. Kwan has over 10 years of experience in auditing, accounting and corporate management. Prior to joining Vision Fame International Holding Limited, he was employed by Ernst & Young in January 2005 as a staff accountant and worked until March 2014 with his last position held as senior manager in the assurance department.

Mr. Kwan has been a member of the Hong Kong Institute of Certified Public Accountants since February 2010 and a member and a fellow member of the Association of Chartered Certified Accountants since September 2008 and September 2013, respectively.

Mr. Kwan received his bachelor degree of arts in accountancy from The Hong Kong Polytechnic University in November 2002 and completed a part-time master degree of business administration from The Chinese University of Hong Kong in November 2014.

Ms. Lui Lai Chun（呂麗珍）**("Ms. Lui")**, aged 34, was appointed as our independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of our Company on 24 March 2017. Ms. Lui is responsible for providing independent judgment and advises on the issue of strategy, performance, resources and standard of conduct of our Group and reviewing the financial information of our Group on a regular basis.

Ms. Lui worked for Katon CPA Limited as an audit assistant from October 2006 to February 2008. She was employed by HLB Hodgson Imply Cheng in March 2008 and worked until June 2011 with her last position held as senior accountant. She joined Real Gold Mining Limited (stock code: 0246), a company listed on the Main Board of the Stock Exchange, since October 2011 with her last position held as accounting manager and was further appointed as company secretary with effect from December 2016. Ms. Lui currently hold the position of company secretary and accounting manager.

Ms. Lui obtained her bachelor degree of commerce in accountancy and applied finance from Griffith University, Australia in September 2005. She has been a member of Certified Public Accountants of Australia since February 2014 and a member of The Hong Kong Institute of Certified Public Accountants since March 2015.

Mr. Wu Loong Cheong Paul（吳龍昌）**("Mr. Wu")**, aged 53, was appointed as our independent non-executive Director, the chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of our Company on 24 March 2017. Mr. Wu is responsible for providing independent judgment and advises on the issue of strategy, performance, resources and standard of conduct of our Group, and reviewing the financial information of our Group on a regular basis.

Mr. Wu worked for Nortel Networks as a member of scientific staff, senior software engineer, software development and sustaining team leader and product design support manager from 1989 to 2001. He then joined UTStarcom Incorporation in February 2002 and worked until October 2007, with his last position held as senior manager and deputy director of common software engineering department. Since September 2008, Mr. Wu has been the principal of Ascent Partners Transaction Service Limited and Ascent Partners Valuation Service Limited. Mr. Wu spearheads the business valuation and advisory service division to formulate marketing strategies, business development and operating plans, as well as establish and institutionalize business practices, standards and processes for the effectiveness and efficiency across the global operations of the Group. He provides solutions and consultancy services to financial institutions and corporate clients in financial products and operations.

Mr. Wu obtained a bachelor degree of science and a master degree of science from Simon Fraser University, Canada in June 1986 and in June 1989, respectively. He has been a certified member of Certified Management Accountants (Australia) since December 2013.

Save as disclosed in the paragraph headed "C. Further information about substantial shareholders, directors and experts" in Appendix V to this prospectus, each of our Directors (i) had no interest in the Shares within the meaning of part XV of the SFO as at the Latest Practicable Date; (ii) is independent from, and not related to, any Directors, substantial

shareholders, controlling shareholders (as defined under the GEM Listing Rules), or senior management of our Company; and (iii) had not held any other directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding to the Latest Practicable Date.

Saved as disclosed in the paragraph headed "C. Further information about substantial shareholders, directors and experts – 2. Particulars of service contracts" in Appendix V to this prospectus, each Director has no existing or proposed service contract with our Company or any of its subsidiaries other than contracts expiring or determinable by the relevant member of our Group within one year without payment of compensation (other than statutory compensation).

Save as discussed in this section, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules as at the Latest Practicable Date.

SENIOR MANAGEMENT

Mr. Siu Ka Sing（蕭嘉星）("Mr. Siu"), aged 36, was appointed as chief executive officer of our Company in 24 March 2017. Mr. Siu initially joined our Group as an account officer in May 2004 and was promoted to administrative manager in January 2009. Mr. Siu is responsible for overseeing general operations and devising business strategies.

Mr. Siu has over 12 years of experience in administrative related matters. Before joining our Group, Mr. Siu had worked in Great Expect Development Limited as an accounting clerk from April 2002 to May 2004.

Mr. Siu obtained his business studies diploma from Hong Kong Young Women's Christian Association (Professional and Career Youth Department) in July 1999 and a diploma in accounting studies from Hong Kong School of Commerce in June 2001. Mr. Siu has been a Hong Kong accounting technician of The Hong Kong Institute of Accredited Accounting Technicians (formerly known as The Hong Kong Association of Accounting Technicians) since December 2002.

Mr. Siu was not appointed as a Director due to his personal preference as he considered that (i) his recent promotion to chief executive officer of our Company is already challenging enough, and he believes that the additional duties of being a director of a listed company will be too onerous; and (ii) he would like to dedicate more time to his family. To the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there is no other matter with respect to the appointment of Mr. Siu that needs to be brought to the attention of our Shareholders and there was no information relating to Mr. Siu that is required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules as at the Latest Practicable Date.

Mr. Chung Wai Pan（鍾偉斌）("Mr. Chung"), aged 34, is the design manager of our Group. He is responsible for coordinating consultants' design of our Group's projects. Mr. Chung has more than 8 years of experience in the interior design industry since he first joined our Group in February 2008 as an interior designer and was promoted to his current position in August 2011. Apart from his expertise in interior design, he has extensive knowledge in many aspects including design concepts, drafts drawing and client relationships management. Mr. Chung obtained his diploma in interior design from Hong Kong School of Design in January 2005.

Mr. Tang Fok Bor（鄧福波）("Mr. Tang"), aged 53, was appointed as engineering manager of our Group in 24 March 2017. Mr. Tang is primarily responsible for overseeing the engineering works of our projects. Mr. Tang joined our Group as a painting worker in October 2002 and was later promoted to project manager in April 2010.

Mr. Tang has over 35 years of experience in overseeing engineering works. Prior to joining our Group, he had worked as project manager in Hongyun Construction Engineering Company（鴻運建築工程）from 1981 to 1984 and Yaorong Construction Engineering Company（耀榮建築工程）from 1984 to 1986. He joined Xingyun Construction Engineering Company（星運建築工程）as project manager in 1986 and later joined Dawei Decoration Engineering Limited（大衛裝飾工程）as project manager in 2002.

Mr. Tang completed his secondary education from Guangdong Kaiping No. 8 High School in July 1980.

Ms. Wan Pui Chi（溫佩芝）("Ms. Wan"), aged 34, was appointed as human resources manager of our Group in 24 March 2017. She joined our Group in October 2004 as administrative officer and was promoted to administrative manager in January 2009.

Ms. Wan has since accumulated over 11 years of experience in administrative related matters. Ms. Wan is primarily responsible for human resources management including but not limited to recruitment, selection, interviewing process and execution of human resources polices.

Ms. Wan completed her secondary education from Delia Memorial School (Glee Path) in June 2003.

COMPANY SECRETARY

Mr. So Wing Fat（蘇永發）("Mr. So"), aged 33, was appointed as the company secretary of our Company on 1 March 2016. Mr. So graduated with a bachelor degree of business administration in accountancy and law from the City University of Hong Kong in November 2005. He has been a member of the Hong Kong Institute of Certified Public Accountants since January 2010.

Mr. So has more than 8 years of audit experience. He first started off his career as an audit trainee at V A Hui & Co Limited in September 2005. He subsequently joined HLB Hodgson Impey Cheng Limited in June 2006 as an accountant and was promoted to the role of senior accountant in April 2008 where he was actively involved in conducting audits on

various Hong Kong listed companies. He then left to join Deloitte Touche Tohmatsu Limited as a senior between January 2011 and January 2013. He was also an assistant manager of the internal audit department of Yip's Chemical Holdings Limited (stock code: 0408), a company listed on the Stock Exchange, between May 2013 and January 2014. He was then employed as a finance manager by Goldfame Enterprises Limited from April 2014 to November 2015.

COMPLIANCE OFFICER

Mr. Chan is the compliance officer of our Company. For details of his biographical details, please refer to the paragraph headed "Executive Directors" of this section.

COMPLIANCE ADVISER

We have appointed Frontpage Capital as our compliance adviser (the "**Compliance Adviser**") pursuant to Rule 6A.19 of the GEM Listing Rules and Frontpage Capital assumes responsibility for acting as our Compliance Adviser. Pursuant to Rule 6A.23 of the GEM Listing Rules, the Compliance Adviser will advise our Company in the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction under the GEM Listing Rules, is contemplated including share issues and share repurchases;

(iii) where our Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Company deviate from any forecast, estimate, or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry of our Company under Rule 17.11 of the GEM Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distributes the annual report of its financial results for the second full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

Except for (i) Frontpage Capital's role as the Sole Sponsor in relation to the Listing; (ii) the compliance adviser agreement entered into between our Company and Frontpage Capital; and (iii) the Underwriting Agreements, Frontpage Capital does not have any other contractual arrangement with our Group as at the Latest Practicable Date.

BOARD COMMITTEES

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

Our Company has established the Audit Committee of our Board on 24 March 2017 with written terms of reference in compliance with paragraphs C.3.3 and C.3.7 of the Code. The Audit Committee comprises three members, namely Mr. Kwan, Ms. Lui and Mr. Wu, of whom Mr. Kwan is the chairman of the Audit Committee. The principal duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control system of our Group, review of our Group's financial information, review of the relationship with the external auditor of our Company and performance of the corporate governance functions delegated by our Board.

Nomination Committee

Our Company has established the Nomination Committee of our Board on 24 March 2017 with written terms of reference in compliance with paragraph A.5.2 of the Code. The Nomination Committee comprises four members, namely Mr. Chan, Mr. Kwan, Ms. Lui and Mr. Wu. Mr. Wu is the chairman of the Nomination Committee. The Nomination Committee is mainly responsible for making recommendations to our Board on appointment of Directors and succession planning for our Directors.

Remuneration Committee

Our Company has established the Remuneration Committee of our Board on 24 March 2017 with written terms of reference in compliance with paragraph B.1.2 of the Code. The Remuneration Committee comprises four members, namely Mr. Chan, Mr. Kwan, Ms. Lui and Mr. Wu. Ms. Lui is the chairman of the Remuneration Committee. The principal duties of the Remuneration Committee are, amongst other things, to make recommendations to our Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management and on our Group's policy and structure for all remuneration of our Directors and senior management.

CORPORATE GOVERNANCE

Our Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Our Company will comply with the Corporate Governance Code and the associated GEM Listing Rules. In order to comply with the requirements under the GEM Listing Rules, in particular, the code provisions contained in the Code, we have adopted the following measures as at the Latest Practicable Date:

(i) we have established the Audit committee, Remuneration committee and Nomination committee on 24 March 2017 with respective written terms of reference in accordance with the code provisions contained in the Code. Further information is set out in the paragraphs headed "Audit Committee", "Remuneration Committee" and "Nomination Committee" in this section;

(ii) our Board has adopted the terms of reference with regard to corporate governance and a shareholders' communication policy in accordance with the code provision of the Code.

(iii) we will arrange appropriate insurance cover on our Directors' liabilities in respect of legal actions against our Directors arising out of corporate activities before Listing;

(iv) we have appointed three independent non-executive Directors representing more than one-third of the Board and at least one of them has accounting expertise;

(v) the chairman of our Board is Mr. Chan whereas the chief executive of our Company is Mr. Siu. The roles of the chairman and the chief executive will be separate and distinct;

(vi) our Directors will operate in accordance with the Articles which require the interested Director not to vote or be vaunted in the quorum on any resolution of our Board approving any contract or arrangement or other proposal in which he/she or any of his/her associates is materially interested;

(vii) our Directors, including the independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our cost;

(viii) our Company has adopted a comprehensive compliance manual covering legal and regulatory compliance with reference of the Code;

(ix) our Company will consider engaging an independent internal control consultant to perform regular review on corporate governance to ensure on-going compliance after Listing; and

(x) our Directors will attend professional development seminar including but not limit to the corporate governance to ensure on-going compliance after Listing.

Our Company is expected to comply with the Code which sets out the principles of good corporate governance in relation to, among others, our Directors, chairman and chief executive of officer, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communications with our Shareholders. Our Board will review our Company's policies and practices on corporate governance from time to time. Our Company will state in our interim and annual reports whether we have complied with the Code, and will provide details of, and reasons for, any deviations from it in the corporate governance report which will be included in our annual reports.

DIRECTORS AND SENIOR MANAGEMENT'S REMUNERATION

Our executive Directors receive, in their capacity as our employees, compensation in the form of salaries, bonus, other allowances and benefits in kind, including our contribution to the pension scheme for our executive Directors, in their capacity as employees, according to the laws of the relevant jurisdiction.

The aggregate amount of compensation (including fees, salaries, contributions to pension schemes, housing and other allowances, benefits in kind and discretionary bonuses) which were paid to our Directors for the two years ended 31 March 2015 and 2016 and the eight months ended 30 November 2016 was approximately, HK$2,262,000, HK$2,298,000 and HK$1,599,000, respectively.

The aggregate amount of compensation (including fees, salaries, contributions to pension schemes, housing and other allowances, benefits in kind and discretionary bonuses) which were paid to the above senior management of our Group for each of the two years ended 31 March 2015 and 2016 and the eight months ended 30 November 2016 was approximately HK$1,546,000, HK$1,678,000 and HK$1,186,000, respectively.

The aggregate amount of contributions to retirement benefits scheme paid by our Group to our Directors for each of the two years ended 31 March 2015 and 2016 and the eight months ended 30 November 2016 was approximately HK$48,000, HK$50,000 and HK$36,000, respectively.

Our Company's policy concerning the remuneration of the Directors is that the amount of remuneration is determined by reference to the relevant Director's experience, responsibilities, workload, performance and the time devoted to our Group. Further details of the remuneration of the Directors are set out in the paragraph headed "Statutory and General Information – Further information about substantial shareholders, directors and experts – Remuneration of directors" in Appendix V to this prospectus.

The emoluments paid to our Group's five highest paid individuals (including Directors) in aggregate for each of the two years ended 31 March 2015 and 2016 and the eight months ended 30 November 2016 were approximately HK$3,448,000, HK$3,426,000 and HK$2,400,000, respectively. During the Track Record Period, no emolument was paid by our Group to any of our Directors or the five highest paid individuals (including Directors and employees) as an inducement to join or upon joining our Group or as compensation for loss of office. None of our Directors has waived any emoluments during the Track Record Period.

Except as disclosed above, no other payments of remuneration have been made, or are payable, in respect of the Track Record Period, by our Group to or on behalf of any of the Directors.

For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to note 8 in the Accountant's Report set out in Appendix I to this prospectus.

Our Group participates in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance and our Directors confirm that our Group has made the relevant contributions in accordance with the aforesaid laws and regulations. Save as the aforesaid, our Group did not participate in any other pension schemes during the Track Record Period.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted pursuant to the written resolution of the our sole Shareholder passed on 24 March 2017. The purpose of the Share Option Scheme is to enable our Company to grant options to selected participants as incentives or rewards for their contribution to it. Our Directors consider the Share Option Scheme, with its broadened basis of participation, will enable our Group to reward the employees, our Directors and other selected participants for their contributions to our Group. This will be in accordance with Chapter 23 of the GEM Listing Rules and other relevant rules and regulations. Further details of the Share Option Scheme are set forth in the section headed "Statutory and General Information – Share Option Scheme" in Appendix V to this prospectus.

AUTHORISED AND ISSUED SHARE CAPITAL

The share capital of our Company immediately following completion of the Share Offer is set out in the table below. The table is prepared on the basis of the Share Offer becoming unconditional and the issue of Offer Shares pursuant thereto is made as described herein. It takes no account of any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme or of any Shares which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to our Directors as referred to below or otherwise.

		HK$
Authorised share capital		
1,000,000,000	Shares of HK$0.01 each	10,000,000
Issued and to be issued, fully paid or credited as fully paid upon completion of the Share Offer:		
600,000,000	Shares in issue as at the date of this prospectus	6,000,000
200,000,000	Shares to be issued pursuant to the Share Offer	2,000,000
Total:		
800,000,000	Shares in total	8,000,000

MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at least 25% of the total issued share capital of our Company must at all times be held by the public. The 200,000,000 Offer Shares represent 25% of the issued share capital of our Company upon Listing.

RANKING

The Offer Shares will rank *pari passu* in all respects with all the Shares now in issue or to be alloted and issued as mentioned in this prospectus and will qualify for all dividends or other distributions declared made or paid on the Shares in respect of a record date which falls after the Listing Date.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 24 March 2017. Under the Share Option Scheme, the eligible participants of the scheme, including directors, full-time employees of and advisers and consultants to our Company or its subsidiaries may be granted options which entitle them to subscribe for Shares, when aggregated with options

granted under any other scheme, representing initially not more than 10% of the Shares in issue on the Listing Date. Further details of the rules of the Share Option Scheme are set out in the section headed "Share Option Scheme" in Appendix V to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such securities convertible into Shares, and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by the Shareholders) shall not exceed:

(a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Share Offer (not including Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme); and

(b) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares referred to in the paragraph headed "General Mandate to Repurchase Shares" below.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or pursuant to the exercise of the options which may be granted under the Share Option Scheme. This general mandate to issue Shares will remain in effect until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of our Company;

(b) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or

(c) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders at a general meeting.

For further details of this general mandate, please refer to the sub-paragraph headed "Written resolutions of our sole Shareholder passed on 24 March 2017" under the paragraph "Further information about our Company" in Appendix V to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of the share capital of our Company in issue following the completion of the Share Offer (without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on GEM, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, and such repurchases are made in accordance with all applicable laws and the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the paragraph headed "Further information about our Company – Repurchase of shares by our Company" in Appendix V to this prospectus.

The general mandates to issue and repurchase Shares will remain in effect until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of our Company;

(b) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable law of the Cayman Islands to be held; or

(c) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting,

For further details of this general mandate, please refer to the paragraph headed "Further information about our Company – Repurchase of shares by our Company" in Appendix V to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in "Appendix IV – Summary of the Constitution of our Company and Cayman Islands Company Law" to this prospectus.

SUBSTANTIAL SHAREHOLDERS

So far as is known to our Directors, immediately following completion of the Share Offer (without taking into account any Shares that may be granted under the Share Option Scheme), the following persons will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, 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 our Group or any other members of our Group:

Long position in the Shares

Name of Shareholder	Capacity/nature	Number of fully paid Shares held/ interested as at 31 May 2016 *(note 3)*	Percentage of shareholding as at 31 May 2016	Number of Shares held/ interested immediately following completion of the Share Offer	Percentage of shareholding immediately following completion of the Share Offer
Chun Wah	Beneficial owner	1	100%	600,000,000	75%
Mr. Chan *(Note 1)*	Interest of controlled corporation	1	100%	600,000,000	75%
Ms. Wong *(Note 2)*	Interest of Spouse	1	100%	600,000,000	75%

Notes:

1. These 600,000,000 Shares are held by Chun Wah. Mr. Chan beneficially owns the entire issued share capital of Chun Wah. Therefore, Mr. Chan is deemed, or taken to be, interested in all the Shares held by Chun Wah for the purpose of the SFO. Mr. Chan is the sole director of Chun Wah.

2. Ms. Wong is the spouse of Mr. Chan. Under the SFO, Ms. Wong is deemed to be interested in the same number of Shares in which Mr. Chan is interested.

3. The date of filing of application proof and prior to completion of the Reorganisation.

Save as disclosed herein, our Directors are not aware of any person (who are not Directors or chief executive of our Company) who will, immediately following completion of the Share Offer (without taking into account any Shares that may be granted under the Share Option Scheme), have an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to our Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or will be 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 members of our Group other than our Company.

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our combined financial information included in the Accountants' Report, which has been prepared in accordance with HKFRSs, the text of which is set out in Appendix I to this prospectus, and the unaudited pro forma combined financial information included in Appendix II to this prospectus, in each case together with the accompanying notes. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those risks set forth under the section headed "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

Founded in 1996, we have over 20 years' experience in the provision of interior design and fit-out services in Hong Kong. We offer a full suite of services ranging from interior design provided by our in-house design team, to high quality fittings and furnishings. As at the Latest Practicable Date, we provide our services through 5 branches in Hong Kong under our brand "[illegible]". Our business can be categorised into residential interior design and fit-out services and commercial interior design and fit-out services. During the Track Record Period, we generated revenue of approximately HK$101,878,000, HK$118,348,000 and HK$90,296,000 respectively, of which approximately HK$89,798,000, HK$104,644,000 and HK$77,993,000, representing 88.1%, 88.4% and 86.4% of our total revenue were generated from residential interior design and fit-out projects. Approximately HK$12,080,000, HK$13,048,000 and HK$11,103,000, representing 11.9%, 11.0% and 12.3% of our total revenue were generated from commercial interior design and fit-out projects. Please refer to the section headed "Business" to this prospectus for the details of our business and operation.

BASIS OF PRESENTATION

Our financial statements have been prepared in accordance with the HKFRSs and applicable disclosures requirements of the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Throughout the Track Record Period, the entities which comprise our Group were under the control of Mr. Chan. Pursuant to the Reorganisation, which is explained in detail under the section headed "History, Development and Reorganisation – Reorganisation", our Company became the holding company of the companies now comprising our Group. Accordingly, for the purpose of the preparation of the financial statements of our Group, our Company has been considered as the holding company of the companies now comprising our Group throughout the Track Record Period. Accordingly, our financial statements have been prepared in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA. We prepared our financial statements under the historical cost convention basis, except for certain financial instruments that are measured at their fair value and revenue recognition from contracts with customers, as explained in the accounting policies set forth below. Our financial statements are presented in Hong Kong dollar, which is our functional and presentation currency.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those adopted by our Group. All intra-group transactions, balances and unrealised gains on the transactions between group companies are eliminated in full on consolidation and combination.

For details of the basis of presentation, please refer to notes "1. General information and basis of presentation of the financial information and 2. Summary of significant accounting policies" to the Accountants' Report set out in Appendix I to this prospectus.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, financial position and results of operations have been, or are expected to be significantly affected by a number of factors, including but not limited to those set forth in the section headed "Risk Factors" to this prospectus and those set forth below.

The nature of project-based business without any long-term contracts

We do not enter into long-term contracts with our customers and we cannot assure that our customers will continue to engage us for future businesses. In addition, we carried out our interior design and fit-out business on a project-by-project basis and each project we are engaged in may vary in terms of scale, duration, location and complexity. As a result, the revenue and profitability of every individual project may differ from one another depending on the types of services engaged.

The accuracy in estimation of costs when providing the quotations

The profitability for each of our project is dependent on the accuracy in estimating overall project costs after having taken into consideration various factors such as the project duration and direct costs including materials cost and subcontracting costs. The actual project cost, however, may vary from our estimated project cost given that our direct cost is heavily reliant upon the stability of prices being charged by our pool of material suppliers and subcontractors. Any unforeseen circumstances that arise during the execution of our project may also delay the timing and completion of works and adversely impact our reputation, profitability and our results of operation. Please refer to the paragraph headed "We may not be able to determine our costs accurately" in the section headed "Risk Factors" to this prospectus for our risks raised by this issue.

There is no assurance that we are able to pass on any cost increment to our customers should there be a rise in material and subcontractor costs in the future. Please refer to the paragraph headed "Direct costs" below for the sensitivity analysis that illustrates the impact of fluctuations in direct costs on the overall profitability of our Group.

Consumer demand influenced by the economic environment and the local property market

The interior design and fit-out service market in Hong Kong is inevitably intertwined with the property sector. Given that our revenue is derived from projects based in Hong Kong, the performance of our Group is primarily correlated with the economic environment and local property market. An economic slow-down in Hong Kong may lead to weaker consumer demand in the property market and this may reduce the demand for our interior design services, thereby adversely impact the growth prospects of our business and financial performance of our Group.

Competition from other similar services providers

As an integrated interior design and fit-out solutions provider, we compete for market share with both integrated interior design and fit-out services provider as well as non-integrated service providers such as registered architects, design houses and fit-out contractors. According to the Euromonitor Report, the interior design and fit-out services market is a highly competitive and mature industry with low barriers of entry which results in the intense competition within the industry.

Therefore, we believe that our team of in-house designers' ability to capture the latest market trends of interior designs and captivate customer preferences is vital to secure new projects. Failure to do so may result in deterioration of our Group's results of operations. Please refer to the paragraph headed "We operate in a competitive industry and failure to enhance our competitiveness may result in loss of customers and market share" in the section headed "Risk Factors" of this prospectus for the risks raised by this issue.

The availability and performance of subcontractors

We rely on our subcontractors to carry out our fit-out works including full range of fit-out works. As at the Latest Practicable Date, we have a pool of 68 subcontractors where 28 of them have been co-operating with us for more than five years. We enter into standard subcontracting framework agreements with them and engage them on a project-basis. Any failure to maintain a stable supply of subcontractors may interrupt the execution of our projects and results of our operations.

We also depend on the performance of our subcontractors to complete the projects. We cannot be completely assured of the timeliness and quality of products or services delivered by our subcontractors. As such, if our projects are not completed within the stipulated time frame and with quality that meets our clients' expectations, our overall financial performance may be affected subsequently. Please refer to the paragraph headed "Shortage in skilled workers and increase in subcontractor costs could increase our operational cost and affect our profitability" in the section headed "Risk Factors" of this prospectus for the risk raised by this issue.

SIGNIFICANT ACCOUNTING POLICIES

The Accountants' Report in Appendix I to this prospectus sets forth certain significant accounting policies in Note 2, which are important for understanding our financial condition and results of operations.

Our Group has identified certain accounting policies that are significant to the preparation of the combined financial statements in accordance with HKFRSs. Some of our accounting policies involve subjective assumptions, estimates and judgements that are discussed in Note 4 of the Accountants' Report in Appendix I to this prospectus. In application of our accounting policies, our management is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Our estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Our estimates and underlying assumptions are reviewed by our management on an ongoing basis.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to our Group and that the revenue and costs, if applicable, can be measured reliably, project revenue is recognised as follow:

When the outcome of a project can be estimated reliably, revenue and costs are recognised in profit or loss based on the percentage of completion of the projects activity at the end of the reporting date. The stage of completion of a project is determined by reference to the proportion that costs incurred for work performed to date relative to the estimated total costs. When it is probable that total costs will exceed total revenue allocated to the project, the expected loss is recognised as an expense immediately. When the outcome of project cannot be estimated reliably, revenue is recognised only to the extent of costs incurred that are likely to be recoverable.

A typical interior design and fit-out project normally takes between 3 and 6 months to complete, depending on the size of the residential or commercial property and the complexity of the works to be carried out. In practice, our subcontractors submit their fee quotations for our approval at early stage, and upon finalisation of the designs and drawings, we enter into formal contracts with our customers. Our assigned project team will then monitor the process throughout the project, and assess the progress of works on a regular basis and also at the end of the reporting period. The works performed by our subcontractors and the materials delivered to the project sites by our suppliers will be recorded in a progress report. Our material suppliers will issue invoice upon delivery of materials on the project sites; and our subcontractors will submit payment applications according to the stage of completion of progress works. Our assigned project team will assess the progress and quality of works performed by our subcontractors and quality of goods received before settlement.

For the purpose of determining the estimated stage of completion at the end of the reporting period, we prepare progress report which states the amount of works performed. The progress report is prepared by our assigned project team, reviewed by our designer and approved by our management. The cost incurred related to such amount of works performed is recognised in profit or loss and the materials cost is recognised in profit or loss once the materials are delivered. The subcontracting charges are recognised in profit or loss according to the progress of works performed as stated in the respective progress reports. Generally, our management estimates total project costs based on the available information such as fee quotations submitted by our suppliers and/or subcontractors at the early stage and other direct costs which are expected to be incurred for the project. The preliminary estimated total project costs will become more concrete once the scope of work is clearly defined and the detailed design is in progress. The estimated total project costs of a project are reviewed and revised by our project team and our management periodically until the completion of such project. During the Track Record Period, we recognise project revenue by reference to the proportion that project cost incurred for works performed to date relative to the estimated total project costs for each project. The details of which are set out in item (t) of Note II(2) in the Accountants' Report in Appendix I to this prospectus.

Gross amounts due from/to customers for contract work

As we provide project management throughout each of our projects, we are able to estimate the outcome of our projects at various stages. Accordingly, revenue and direct costs could be recognised by reference to the stage of completion of the works done at the end of the reporting period. Variations in works done, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Therefore, our Group presents as an asset the gross amounts due from customers for contract works for all projects in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers are included within "trade and other receivables". Our Group presents as a liability the gross amounts due to customers for contract work for all projects in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses). Amounts received before the related work is performed are included within "trade and other payables". The details of which are set out in item (l) of Note II(2) in the Accountants' Report in Appendix I to this prospectus.

We also have other policies that we consider to be key accounting policies and please refer to Note II(2) of the Accountants' Report in Appendix I to this prospectus for detailed discussion.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial information set forth in this prospectus requires our management to exercise the estimates and judgements on matters that are inherently uncertain based on the information and data that may change from time to time. Accordingly, our estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Our estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of receivables

The management of our Group determines the provision for impairment of trade and other receivables and such estimates are based on the credit history of our customers and the current market condition. Our management reassesses the provision at the end of each of the financial period.

Significant judgement is exercised on the assessment of the collectability of receivables from each customer. In making their judgement, our management considers a wide range of factors such as results of follow-up procedures, customer payment trends including subsequent payments and customers' financial positions. If the financial conditions of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Construction contract

Our Group recognises our contract revenue and profit of a contract according to our management's estimation of the total outcome of the contract as well as the percentage of completion of works. Notwithstanding that our management reviews and revises the estimates of both contract revenue and costs for each project as the works progress, the actual outcome of the project in terms of its total revenue and costs may be higher or lower than the estimates and this will affect our revenue and profit recognised.

The details of which are set out in Note II 4(b) in the Accountants' Report in Appendix I to this prospectus.

RESULTS OF OPERATION

The following combined statements of profit or loss and other comprehensive income during the Track Record Period are derived from, and should be read in conjunction with, our combined financial information, including the notes thereto, included in the Accountants' Report of the Group set forth in Appendix I to this prospectus.

Combined statements of profit or loss and other comprehensive income

	For the year ended 31 March		For the eight months ended 30 November	
	2015	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Revenue	101,878	118,348	78,094	90,296
Direct costs	(70,939)	(83,206)	(54,228)	(64,734)
Gross profit	30,939	35,142	23,866	25,562
Other income and gain	–	21	20	5
Administrative and other operating expenses	(16,862)	(23,538)	(13,947)	(18,010)
Operating profit	14,077	11,625	9,939	7,557
Finance costs	(25)	(50)	(29)	(29)
Profit before income tax	14,052	11,575	9,910	7,528
Income tax expense	(2,108)	(2,383)	(1,698)	(1,743)
Profit and total comprehensive income for the year/period	11,944	9,192	8,212	5,785
Profit and total comprehensive income for the year/period attributable to:				
Owners of the Company	11,968	8,987	8,077	5,134
Non-controlling interests	(24)	205	135	651
	11,944	9,192	8,212	5,785
Adjusted net profit (unaudited) *(note 1)*	11,944	12,175	8,812	8,764

	HK$ cents	*HK$ cents*	*HK$ cents*	*HK$ cents*
Earnings per share:				
Basic	1.99	1.50	1.35	0.86
Diluted	1.99	1.50	1.35	0.86

Note:

1. The amount of the unaudited adjusted net profit represents the audited profit for year excluding the non-recurring Listing expenses. Adjusted net profit is not defined under HKFRSs. The use of the unaudited net profit as an analytical tool has material limitation as it does not include all items that impacted our net profit during the year/period. When assessing our operating and financial performance, adjusted net profit should not be considered in isolation or as a substitute for our profit for the year/period, or any other operating performance measure that is calculated in accordance HKFRSs.

DESCRIPTION OF SELECTED COMPONENTS OF COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AND REVIEW OF HISTORICAL OPERATING RESULTS

Revenue

Our revenue is primarily generated from our provision of interior design and fit-out services in Hong Kong that includes two main categories namely (i) residential interior design and fit-out services; and (ii) commercial interior design and fit-out services. A small portion of our revenue was generated from the selling of fit-out materials, such as tiles, flooring, ceramics sanitary ware, bathroom amenities and accessories, through our Tsuen Wan branch, which commenced business during the financial year ended 31 March 2016.

The following table below sets forth the breakdown of our Group's revenue by business nature and the number of projects involved during the Track Record Period:

	For the year ended 31 March						For the eight months ended 30 November					
	2015			2016			2015			2016		
	Number of projects	Revenue *HK$'000*	%	Number of projects	Revenue *HK$'000*	%	Number of projects	Revenue *HK$'000*	%	Number of projects	Revenue *HK$'000*	%
Residential interior design and fit-out projects	335	89,798	88.1	391	104,644	88.4	313	69,590	89.1	331	77,993	86.4
Commercial interior design and fit-out projects	50	12,080	11.9	55	13,048	11.0	35	8,069	10.3	30	11,103	12.3
Selling of fit-out materials	–	–	–	–	656	0.6	–	435	0.6	–	1,200	1.3
Total	385	101,878	100.0	446	118,348	100.0	348	78,094	100.0	361	90,296	100.0

For our provision of residential interior design and fit-out services, the numbers of projects and revenue for the financial year ended 31 March 2016 increased by approximately 16.7% and 16.5%, respectively, when compared to the previous financial year. This increase was primarily a result of our marketing activities, internet and traditional media advertising, to further establish our brands and reputation. Please refer to the section headed "Business – Sales and marketing" to this prospectus for the details of our marketing efforts during the Track Record Period. For the eight months ended 30 November 2016, our provision of residential interior design and fit-out service revenue increased of approximately 12.1% as compared to the previous period. This increase was mainly due to the increase in number of sizable projects carried out which individually contract sum above HK$2,000,000 from 2 for the eight months ended 30 November 2015 to 4 for the eight months ended 30 November 2016.

For our provision of commercial interior design and fit-out services, the numbers of projects and revenue for the financial year ended 31 March 2016 increased by approximately 10.0% and 8.0%, respectively, when compared to the previous financial year. This increase was primarily attributable to the increase of returning customers for refurbishment after the end of tenancy periods. For the eight months ended 30 November 2016, our provision of commercial interior design and fit-out services revenue increased by approximately 37.6% as compared to the previous period. This increase was mainly due to the award of sizeable project with an approximate contract sum of HK$4,976,000 which individually contributed approximately HK$4,139,000 to the revenue for the eight months ended 30 November 2016.

New Base, through our branch in Tsuen Wan, in addition to our ordinary interior design and fit-out services, generated revenue through the selling of tiles, flooring, ceramics sanitary ware, bathroom amenities and accessories for the financial year ended 31 March 2016 and the eight months ended 30 November 2016, which contributed approximately 0.6% and 1.3% of the total revenue, respectively.

Revenue by contract sum

For both residential and commercial projects, the majority of our revenue was generated from those projects priced between HK$100,001 and HK$500,000, followed by those priced between HK$500,001 and HK$1,000,000. Collectively these two categories contributed approximately HK$82,273,000 or 80.8%, HK$83,858,000 or 70.9% and HK$57,772,000 or 64.0% of our total revenue for the two financial years ended 31 March 2016 and the eight months ended 30 November 2016, respectively.

There is an increase in the number of higher value residential interior design and fit-out projects that are priced between HK$1,000,001 to HK$2,000,000 and above HK$2,000,001 during the Track Record Period. Such increase could be attributable to our improving reputation whereby customers with residential properties of higher value are increasingly confident to engage us to design and fit-out their properties.

	For the year ended 31 March						For the eight months ended 30 November					
	2015			2016			2015			2016		
	Number of projects	Revenue *HK$'000*	Percentage %	Number of projects	Revenue *HK$'000*	Percentage %	Number of projects	Revenue *HK$'000*	Percentage %	Number of projects	Revenue *HK$'000*	Percentage %
Residential interior design and fit-out												
HK$100,000 or below *(note 1)*	135	3,293	3.2	155	3,605	3.0	120	2,890	3.7	138	2,358	2.7
HK$100,001 or HK$500,000	146	42,647	41.9	164	42,758	36.2	135	31,287	40.1	120	27,581	30.5
HK$500,001 to HK$1,000,000	47	30,431	29.9	54	31,843	26.9	43	22,046	28.2	54	25,500	28.2
HK$1,000,001 to HK$2,000,000	5	8,171	8.0	15	17,270	14.6	13	9,593	12.3	15	10,703	11.9
Above HK$2,000,000	2	5,256	5.1	3	9,168	7.7	2	3,774	4.8	4	11,851	13.1
Sub-total	335	89,798	88.1	391	104,644	88.4	313	69,590	89.1	331	77,993	86.4
Commercial interior design and fit-out												
HK$100,000 or below *(note 1)*	22	454	0.5	26	488	0.4	18	434	0.5	12	490	0.5
HK$100,001 or HK$500,000	20	4,716	4.6	21	4,768	4.0	11	2,350	3.0	13	3,026	3.4
HK$500,001 to HK$1,000,000	7	4,479	4.4	5	4,489	3.8	4	2,708	3.5	3	1,665	1.8
HK$1,000,001 to HK$2,000,000	–	–	–	3	3,303	2.8	2	2,577	3.3	1	1,783	2.0
Above HK$2,000,000	1	2,431	2.4	–	–	–	–	–	–	1	4,139	4.6
Sub-total	50	12,080	11.9	55	13,048	11.0	35	8,069	10.3	30	11,103	12.3
Selling of fit-out materials	–	–	–	–	656	0.6	–	435	0.6	–	1,200	1.3
Total	385	101,878	100.0	446	118,348	100.0	348	78,094	100.0	361	90,296	100.0

Note:

1. Projects in this category belong to those who engaged us for furnishing only, partial refurbishment/renovation or repair works.

Revenue by sources of customers

The following table sets forth the breakdown of our revenue by source of customers during the Track Record Period:

	For the year ended 31 March						For the eight months ended 30 November					
	2015			2016			2015			2016		
	Number of projects	Revenue *HK$'000*	Percentage %	Number of projects	Revenue *HK$'000*	Percentage %	Number of projects	Revenue *HK$'000*	Percentage %	Number of projects	Revenue *HK$'000*	Percentage %
New customers												
Residential interior design and fit-out services	245	77,260	75.8	295	89,916	76.0	228	57,060	73.1	216	61,208	67.8
Commercial interior design and fit-out services	32	6,347	6.3	29	6,656	5.6	18	3,530	4.5	16	3,540	3.9
Sub-total	277	83,607	82.1	324	96,572	81.6	246	60,590	77.6	232	64,748	71.7
Returning customers												
Residential interior design and fit-out services	90	12,538	12.3	96	14,728	12.4	85	12,530	16.0	115	16,785	18.6
Commercial interior design and fit-out services	18	5,733	5.6	26	6,392	5.4	17	4,539	5.8	14	7,563	8.4
Sub-total	108	18,271	17.9	122	21,120	17.8	102	17,069	21.8	129	24,348	27.0
Selling of fit-out materials	–	–	–	–	656	0.6	–	435	0.6	–	1,200	1.3
Total	385	101,878	100.0	446	118,348	100.0	348	78,094	100.0	361	90,296	100.0

During the Track Record Period, our customers comprised (i) new customers who were either attracted by our advertisements or referred to us; and (ii) returning customers. Due to the nature of our business, whereby many of our customers do not engage us unless they purchase a new property or when the furnishing in their properties become old, most of our customers are new customers. New customers attracted by our advertisements or referred to us contributed approximately 82.1%, 81.6% and 71.7% to our revenue for the years ended 31 March 2015, 2016 and the eight months ended 30 November 2016, respectively.

Direct costs

Our direct costs consist primarily of (i) subcontracting charges; (ii) materials; (iii) staff costs; and (iv) warranty expenses. The table below sets forth a breakdown of components of our direct costs during the Track Record Period, both in actual terms and as a percentage of total direct costs:

	For the year ended 31 March				For the eight months ended 30 November			
	2015		2016		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
					(Unaudited)			
Subcontracting charges	41,412	58.4	50,787	61.0	31,614	58.3	45,248	69.9
Materials	22,145	31.2	23,864	28.7	17,024	31.4	13,920	21.5
Staff costs	6,824	9.6	7,608	9.2	4,975	9.2	5,259	8.1
Warranty expenses	558	0.8	947	1.1	615	1.1	307	0.5
Total	70,939	100.0	83,206	100.0	54,228	100.0	64,734	100.0

Our direct costs increased by approximately HK$12,267,000, or 17.3% from approximately HK$70,939,000 in 2015 to HK$83,206,000 in 2016. Such increment was in line with the increment of total revenue due to the increased number of both residential and commercial projects.

For the eight months ended 30 November 2016, as compared with the corresponding period in 2015, our direct costs increased by approximately HK$10,506,000, or 19.4% from approximately HK$54,228,000 in 2015 to HK$64,734,000 in 2016. Such increase was in line with the increase of total revenue mainly due to the larger average project size as compared to the previous period.

Subcontracting charges and materials make up bulk of our direct costs, accounting for approximately 90% of our direct costs during the Track Record Period. The increase in subcontracting charges during the financial year of 2016 contributed most to our direct costs increment. As explained above, this increase is in line with our increased number of projects during this financial year of 2016. Staff costs represent remuneration of our in-house designers involved in the projects. Warranty expenses are a provision of expense that is expected to be incurred in relation to repairs and warranty. As such, a higher provision is made due to the higher revenue during the year ended 31 March 2016.

The following table sets out our segment direct cost in absolute amount and as a percentage of total direct cost during the Track Record Period:

	For the year ended 31 March				For the eight months ended 30 November			
	2015		2016		2015		2016	
	HK$'000	%	*HK$'000*	%	*HK$'000*	%	*HK$'000*	%
					(Unaudited)			
Residential interior design and fit-out	61,186	86.3	72,254	86.8	47,735	88.0	55,425	85.6
Commercial interior design and fit-out	9,753	13.7	10,491	12.6	6,183	11.4	8,456	13.1
Selling of fit-out materials	–	–	461	0.6	310	0.6	853	1.3
Total	70,939	100.0	83,206	100.0	54,228	100.0	64,734	100.0

Subcontracting charges

Our subcontracting charges increased by approximately HK$9,375,000, or 22.6% from approximately HK$41,412,000 for the year ended 31 March 2015 to HK$50,787,000 for the year ended 31 March 2016. For the eight months ended 30 November 2016, as compared with the corresponding period in 2015, our subcontracting charges increased by approximately HK$13,634,000, or 43.1% from approximately HK$31,614,000 in 2015 to HK$45,248,000 in 2016. Direct subcontracting costs consists of fees paid to subcontractors for their services and sometimes include raw materials they need to perform their tasks. The table below sets out the breakdown of our subcontracting charges during the Track Record Period:

	For the year ended 31 March				For the eight months ended 30 November			
	2015		2016		2015		2016	
	HK$'000	%	*HK$'000*	%	*HK$'000*	%	*HK$'000*	%
					(Unaudited)			
Full range of fit-out works *(note 1)*	18,015	43.5	18,481	36.4	11,438	36.2	22,513	49.8
Carpentry and finishing works	6,744	16.3	10,339	20.4	7,462	23.6	5,648	12.5
Painting	3,213	7.8	3,869	7.6	2,435	7.7	2,014	4.5
Plumbing, drainage and electrical works	3,192	7.7	5,196	10.2	2,959	9.4	3,388	7.5
Repairing and maintenance	2,283	5.5	2,388	4.7	1,547	4.9	2,327	5.1
Plastering	2,275	5.5	3,590	7.1	1,773	5.6	2,816	6.2
Demolition	1,861	4.5	2,895	5.7	1,606	5.1	3,105	6.9
Air-conditioning	1,394	3.4	1,208	2.4	731	2.3	1,370	3.0
Curtain designing	928	2.2	876	1.7	576	1.8	504	1.1
Aluminium works	259	0.6	246	0.5	106	0.3	568	1.3
Others *(note 2)*	1,248	3.0	1,699	3.3	981	3.1	995	2.1
Total	41,412	100.0	50,787	100.0	31,614	100.0	45,248	100.0

Notes:

1. Full range of fit-out works represent fees paid to subcontractors that undertake to perform all fit-out works of a project instead of a particular task or section of the fit-out services.

2. Others include provision of scaffolding works, cleaning and three dimensional illustration processing works.

Fees paid for full range of fit-out works accounted for the largest portion of our direct subcontracting charges, representing approximately 43.5%, 36.4% and 49.8% for the financial years ended 31 March 2015, 2016 and the eight months ended 30 November 2016, respectively. These subcontractors, who provide full range of fit-out works will arrange the necessary workers and monitor each section of the works throughout the projects, and the members of our project management team are responsible for the overall supervision and quality control of these subcontractors. Such arrangement reduces the resources we needed to manage small projects and to engage subcontractors to perform minor portions of the works. The increase in such fees paid for full range of fit-out works from approximately HK$18,015,000 to HK$18,481,000 for the years ended 31 March 2015 and 2016 was also mainly due to the increase of both residential and commercial interior design and fit-out projects. The demand of each type of subcontracting works is determined according to the nature and scope of work of each project being engaged.

For the eight months ended 30 November 2016, as compared with the corresponding period in 2015, our full range of fit-out works increased from approximately HK$11,438,000 in 2015 to HK$22,513,000 in 2016 was mainly due to the more of our carpentry and finishing works and furnishing works were being subcontracted to our full range subcontractors for the eight months ended 30 November 2016.

The following sensitivity analysis illustrates the impact of a hypothetical fluctuation in our subcontracting charges on our profit before tax during the Track Record Period, assuming all other factors remained constant.

	(Decrease)/increase in profit before tax			
	For the year ended 31 March		**For the eight months ended 30 November**	
	2015	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Subcontracting charges increased/decreased by				
+24%	(9,939)	(12,189)	(7,587)	(10,860)
+16%	(6,626)	(8,126)	(5,058)	(7,240)
+8%	(3,313)	(4,063)	(2,529)	(3,620)
-8%	3,313	4,063	2,529	3,620
-16%	6,626	8,126	5,058	7,240
-24%	9,939	12,189	7,587	10,860

Note:

1. The actual maximum fluctuation in the subcontracting charges during the Track Record Period was approximately 23%, and accordingly our Directors are of the view that it is prudent to use 8%, 16% and 24% in the above analysis.

Materials

Our materials cost increased by approximately HK$1,719,000, or 7.8% from approximately HK$22,145,000 in 2015 to HK$23,864,000 in 2016. For the eight months ended 30 November 2016, as compared with the corresponding period in 2015, our material costs decreased by approximately HK$3,104,000, or 18.2% from approximately HK$17,024,000 in 2015 to HK$13,920,000 in 2016. Material costs consists primarily of furnishing that are custom made to fit-out projects. The table below sets forth the breakdown of our materials cost during the Track Record Period:

	For the year ended 31 March				For the eight months ended 30 November			
	2015		2016		2015		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Materials purchasing								
Furnishing	12,477	56.3	14,728	61.7	10,934	64.2	7,343	52.8
Raw materials *(note 1)*	3,144	14.2	3,622	15.2	2,678	15.7	3,363	24.2
Ceiling, wall and flooring	1,739	7.9	2,142	9.0	1,122	6.6	1,658	11.9
Bathroom, bedroom and electrical appliances *(note 2)*	1,267	5.7	1,905	8.0	1,242	7.3	895	6.4
Miscellaneous	3,518	15.9	1,467	6.1	1,048	6.2	661	4.7
Total	22,145	100.0	23,864	100.0	17,024	100.0	13,920	100.0

Notes:

1. Raw materials include metals, stainless steel, hardware materials, wood and glass.

2. Bathroom, bedroom and electrical appliances include lamps, curtains, mattress and various electrical appliances.

The increase in total materials cost for the year 31 March 2016 as compared to 31 March 2015 was mainly due to the increase in both residential and commercial interior design and fit-out projects, which in turn increased the materials required for those projects. The decrease in total materials cost for the eight months ended 30 November 2016 as compared with the corresponding period in 2015 was mainly due to the decrease in furnishing as more of the furnishing works was being subcontracted to our full range subcontractors for the eight months ended 30 November 2016. Furnishings accounted for the largest portion of our materials cost, which represented approximately 56.3%, 61.7% and 52.8% for the financial years ended 31 March 2015, 2016 and the eight months ended 30 November 2016, respectively.

In pricing our projects, we take into account a number of factors including, but not limited to, the price trend of materials cost. For further details, please refer to the section headed "Business – Pricing strategy" to this prospectus. During the Track Record Period and up to the Latest Practicable Date, we did not experience any market fluctuations in materials cost which would have had a material impact on our business, financial condition or results of operations.

The following sensitivity analysis illustrates the impact of the hypothetical fluctuation in our materials costs on our profit before tax during the Track Record Period, assuming all other factors remained constant.

	(Decrease)/increase in profit before tax			
	For the year ended 31 March		**For the eight months ended 30 November**	
	2015	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Materials costs increased/decreased by				
+15%	(3,322)	(3,580)	(2,554)	(2,088)
+10%	(2,215)	(2,386)	(1,702)	(1,392)
+5%	(1,107)	(1,193)	(851)	(696)
-5%	1,107	1,193	851	696
-10%	2,215	2,386	1,702	1,392
-15%	3,322	3,580	2,554	2,088

Staff costs

Staff costs consist primarily of salaries and allowances paid to our in-house designers, as well as Mandatory Provident Fund contributions. Our direct staff costs increased by approximately HK$784,000, or 11.5% from approximately HK$6,824,000 in 2015 to HK$7,608,000 in 2016. Such increment was mainly attributable to the 5 additional in-house designers that we employed during the year ended 31 March 2016.

For the eight months ended 30 November 2016, as compared with the corresponding period in 2015, our staff cost increased from approximately HK$4,975,000 in 2015 to HK$5,259,000 in 2016. Such increase was mainly due to the additional in-house designers that we employed during the eight months 30 November 2016.

Warranty expenses

We offer defect liability period of 1 year for commercial property projects and 3 years for residential property projects. During the defect liability period, we provide maintenance and repairing services to our customers for free if the defects are due to our quality problems. In order to cater to the cost that we may incur for the warranty, we made a provision for the warranties. The table below sets forth the movement of the provision as at the dates indicated:

	As at 31 March		As at 30 November
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Beginning of the year/period	–	244	716
Provision made for the year/period	558	947	308
Amounts utilised during the year/period	(314)	(475)	(374)
Reversal of unutilised amounts during the year/period	–	–	(1)
End of the year/period	244	716	649

The amount of provisions made for warranties is estimated based on the total number of projects and the corresponding contract sums, as well as the past experience of the level of warranty utilisation. We estimated the amounts of warranty claims to be HK$558,000, HK$947,000 for the years ended 31 March 2015, and 2016, respectively. The increase in provision made was mainly due to the increase of revenue and the number of both residential and commercial projects during the Track Record Period. For details about our warranties provided to our customers, please refer to the section headed "Business – Warranties and after-sales services" of this prospectus.

Gross profit and gross profit margin

Gross profit represents our revenue less direct costs. Our gross profit increased by approximately HK$4,203,000, or 13.6% from HK$30,939,000 for the year ended 31 March 2015 to HK$35,142,000 for the year ended 31 March 2016. The gross profit margin maintained relatively stable at approximately 30.4% and 29.7% for the two financial years ended 31 March 2015 and 2016, respectively. The minor decrease in gross profit margin was owing to the direct costs being slightly higher than the increase in revenue and therefore resulted in a slight drop in the gross profit margin, especially in view of the increase in subcontracting charges.

For the eight months ended 30 November 2016, as compared with the corresponding period in 2015, our gross profit increased by approximately HK$1,696,000, or 7.1% from approximately HK$23,866,000 in 2015 to HK$25,562,000 in 2016. The gross profit margin decreased slightly from approximately 30.6% to 28.3% for the eight months ended 30 November 2015 and 2016, respectively. The decrease was mainly due to (i) the increase in the revenue for the commercial interior design and fit-out projects which normally had a

lower gross profit margin than residential interior design and fit-out projects; and (ii) more projects were subcontracted to full range fit-out works providers which bear lower gross profit margin.

We have further broken down our gross profit and gross profit margin by business nature during the Track Record Period:

	For the year ended 31 March						For the eight months ended 30 November					
	2015			2016			2015			2016		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	HK$'000	*HK$'000*	*%*	*HK$'000*	*HK$'000*	*%*	*HK$'000*	*HK$'000*	*%*	*HK$'000*	*HK$'000*	*%*
Residential design and fit-out projects	89,798	28,612	31.9	104,644	32,390	31.0	69,590	21,855	31.4	77,993	22,568	28.9
Commercial design and fit-out projects	12,080	2,327	19.3	13,048	2,557	19.6	8,069	1,886	23.4	11,103	2,647	23.8
Selling of fit-out materials	–	–	–	656	195	29.8	435	125	28.7	1,200	347	28.9
Total	101,878	30,939	30.4	118,348	35,142	29.7	78,094	23,866	30.6	90,296	25,562	28.3

We have managed to maintain the gross profit margin of our residential interior design and fit-out projects at the level of approximately 30%, with the years ended 31 March 2015 and 2016 registering a gross profit margin of 31.9% and 31.0%, respectively. Our commercial interior design and fit-out projects registered a lower gross profit margin of 19.3% and 19.6% for the years ended 31 March 2015 and 2016, respectively, as contrary to residential segment where our Directors believe that most customers are long term users of the properties, customers in the commercial segment are often more cost-conscious and request for pragmatic design and hence the competition is also more fierce.

For the eight months ended 30 November 2016, as compared with the corresponding period in 2015, our gross profit margin of residential design and fit-out projects amounted approximately 31.4% and 28.9%, respectively. The gross profit margin of commercial design and fit-out projects from amounted approximately 23.4% and 23.8%, respectively. The decrease in our gross profit margin of 28.3% for the eight months ended 30 November 2016, as compared to that of 30.6% for the eight months ended 30 November 2015, is mainly attributable to (i) the higher portion of commercial design and fit-out projects, which are generally less profitable, for the eight months ended 30 November 2016; and (ii) the relatively lower gross profit margin for residential projects from April to November 2016 as compared with the corresponding period 2015 as more projects were subcontracted to full range fit-out works providers which bear lower gross profit margin.

Administrative and other operating expenses

Our administrative and other operating expenses consist primarily of advertising expenses, bank charges, operating leases rental on premises, staff costs, including director's emoluments and other expenses. The table below sets forth our breakdown of administrative and other operating expenses during the Track Record Period:

	For the year ended 31 March				For the eight months ended 30 November			
	2015		2016		2015		2016	
	HK$'000	%	*HK$'000*	%	*HK$'000*	%	*HK$'000*	%
					(Unaudited)			
Staff costs, including director's emoluments	5,235	30.9	7,254	30.7	4,604	33.0	5,467	30.4
Advertising expenses	3,096	18.3	4,075	17.3	2,513	18.0	2,397	13.3
Operating lease rental on premises and building management fee	2,603	15.4	3,197	13.6	2,095	15.0	1,977	11.0
Listing expenses	–	–	2,983	12.7	600	4.3	2,979	16.5
Bank charges	1,914	11.4	2,045	8.7	1,542	11.1	1,537	8.5
Insurance	549	3.3	733	3.1	499	3.6	690	3.8
Transportation and travelling expenses	618	3.7	625	2.7	428	3.1	460	2.6
Legal and professional fee and auditors' remuneration	338	2.0	469	2.0	242	1.7	888	4.9
Depreciation of owned assets and under finance lease	594	3.5	460	2.0	352	2.5	577	3.2
Motor vehicles expenses	469	2.8	355	1.5	234	1.7	191	1.1
Operating lease rental on office equipment	94	0.6	167	0.7	111	0.8	114	0.6
Loss on disposal of property, plant and equipment	32	0.2	–	–	–	–	–	–
Provision for impairment loss of trade receivables and amounts due from related companies	280	1.7	–	–	–	–	–	–
Other expenses	1,040	6.2	1,175	5.0	727	5.2	733	4.1
Total	16,862	100.0	23,538	100.0	13,947	100.0	18,010	100.0

Note: Other expenses include office supplies, repair expenses of computers and office equipment, utilities expenses, telecommunication expenses and other miscellaneous charges.

Our administrative and other operating expenses increased by approximately HK$6,676,000, or 39.6% from HK$16,862,000 for the year ended 31 March 2015 to HK$23,538,000 for the year ended 31 March 2016. The increase was primarily due to (i) increase in advertising expenses; (ii) recognition of Listing expenses; and (iii) increase in staff costs, including director's emoluments. For the eight months ended 30 November 2016, as compared with the corresponding period in 2015, our administrative and other expenses increased by approximately HK$4,063,000, or 29.1% from approximately HK$13,947,000 in 2015 to HK$18,010,000 in 2016. The increase was primarily due to the increase in non-recurring Listing expenses of approximately HK$2,379,000.

Advertising expenses mainly represent the costs incurred for marketing and promotional events, such as advertisements on magazines and other online media, website maintenance, video production, as well as photography charges during the Track Record Period. The increase of such expenses was due to our strategy of increasing advertising to drive business.

Staff costs represent the payment of salaries, allowances, Mandatory Provident Fund contributions and emoluments for our director, senior management and general staff. Such staff costs did not include the salaries paid to our in-house designers, which have been categorised as one of the direct costs which have been discussed above. The increase of staff costs was mainly attributable to our increase of headcounts for our operational supporting services, and the increase of salaries payment after annual appraisal reviews of our staff during the Track Record Period.

Bank charges incurred by our Group during the Track Record Period consist mostly of credit card related charges. Aside from accepting cash through automated teller machine/ internet banking and cheques, we also accept credit cards and credit card instalment as payment for our services, as some customers may take the advantage of the instalment option offered by their credit card companies. Accordingly, the slight increase in bank charges is in line with our increase in revenue during the Track Record Period.

Operating lease rental on premises represents the amount of rent we paid for our premises for the operation of our workshop and branches. The increase during the Track Record Period was due to the rental of Tsuen Wan branch and the increase in rent after the renewal of rental agreements upon their expirations.

We made the provision for impairment losses of HK$233,000 for the year ended 31 March 2015 from a related company, which was an unlimited company controlled and owned by a former employee of our Group. This company had ceased business before the year ended 31 March 2015. We did not incur any impairment loss for the year ended 31 March 2016 and the eight months ended 30 November 2016.

Our Group's Listing expenses incurred for the Listing are non-recurring in nature and comprise of professional fees paid to the Sole Sponsor, legal advisers, reporting accountants, internal control consultant, market research consultant and other parties for their services in connection with the Share Offer. Please also refer to the paragraph headed "Listing expenses" in this section below for details of the expenses incurred for the Listing.

Finance costs

Our finance costs consist primarily of (i) interest on bank borrowings and bank overdraft that are wholly repayable within five years; and (ii) interest on finance leases.

The table below sets forth our finance costs during the Track Record Period:

	For the year ended 31 March				For the eight months ended 30 November			
	2015		2016		2015		2016	
	HK$'000	%	*HK$'000*	%	*HK$'000*	%	*HK$'000*	%
					(Unaudited)			
Interest on bank borrowings and bank overdraft	9	36.0	10	20.0	9	31.0	1	3.4
Interest on finance leases	16	64.0	40	80.0	20	69.0	28	96.6
Total	25	100.0	50	100.0	29	100.0	29	100.0

Our finance costs amounted to approximately HK$25,000 for the year ended 31 March 2015, compared to approximately HK$50,000 for the year ended 31 March 2016. The increase was primarily due to the increment on finance leases of two additional motor vehicles purchased for normal business operation during the year ended 2016. Interest rate underlying all obligations under our finance leases were borne at approximately 1.8% per annum for the year ended 31 March 2015, and ranging from approximately 1.8% to 2.5% per annum for the year ended 2016.

For the eight months ended 30 November 2016, as compared with the corresponding period in 2015, our interest on finance leases increased by approximately HK$8,000, or 40.0% from approximately HK$20,000 in 2015 to HK$28,000 in 2016 primarily due to the increase in obligations under finance leases for the purchase of two vehicles. Interest rate underlying all obligations under finance leases were borne at approximately 1.8% per annum in 2015 to ranging from 1.8% to 2.5% per annum in 2016.

Income tax expense

Income tax expense represents primarily the current and deferred tax at the applicable tax rates in accordance with the relevant laws and regulations in Hong Kong and the Cayman Islands.

Cayman Islands

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law. Under the current laws of the Cayman Islands, we are not subject to any income or capital gains tax. Dividend payments made by us are not subject to any withholding tax in the Cayman Islands.

Hong Kong

All of our operating subsidiaries are located in Hong Kong, and are subject to a profit tax rate of 16.5% on their estimated assessable profit derived from their Hong Kong operations. Our income tax expenses amounted to HK$2,108,000 and HK$2,383,000 for the two years ended 31 March 2016, respectively. Our effective income tax rate, calculated as our income tax expenses incurred for continuing operations divided by our profit before tax from continuing operations, increased from 15.0% in 2015 to 20.6% in 2016. Our lower effective tax rate for the year ended 31 March 2015 was due to tax loss carried-forwards from our subsidiary. The increase in effective tax rate for the year ended 31 March 2016 was primarily due to the increase of expenses not deductible for tax purposes. These non-deductible expenses were incurred mainly for our Listing.

For each of the eight months ended 30 November 2015 and 2016, our income tax expenses amounted approximately HK$1,698,000 and HK$1,743,000. Our effective income tax rate increased from 17.1% to 23.2%. The increase in effective tax rate was primarily due to the increase of Listing expenses which were not deductible for tax purposes.

During the Track Record Period, we settled all relevant taxes according to the relevant tax payment due dates and to the best information, belief and knowledge of our Directors, there is no unpaid tax, dispute or resolved tax issue with the relevant tax authority.

Net Profit Margin

Our profit attributable to owner of our Company for the year was approximately HK$11,968,000 in 2015 and approximately HK$8,987,000 in 2016, representing a decrease of approximately HK$2,981,000, or 24.9%. Our net profit margin was approximately 11.7% and 7.6%, respectively for the two financial years ended 31 March 2015 and 2016. The decline in our net profit margin was primarily attributable to a one-off Listing expenses incurred in the year ended 31 March 2016. By excluding this one-off Listing expenses by using the adjusted net profit of HK$12,175,000, our Group would have recorded a decrease in net profit margin from approximately 11.7% to 10.1%. This decrease in net profit margin was due mainly to the increase in advertising expenses and staff costs for both additional in-house designers and operational supporting staff for the year of 2016.

For the eight months ended 30 November 2016, as compared with the corresponding period in 2015, our profit attributable to owner of our Company decreased by approximately HK$2,943,000, from approximately HK$8,077,000 in 2015 to HK$5,134,000 in 2016. Our net profit margin was approximately 10.3% and 5.7% for the eight months ended 30 November 2015 and 2016, respectively. The decline in our net profit margin was primarily attributable to a one-off Listing expenses incurred for the eight months ended 30 November 2016 which is solely borne by the Company. Without taking into account this one-off Listing expenses by using the adjusted net profit of HK$8,113,000, our Group would have recorded a net profit margin of approximately 9.0%.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, our Group's operations were generally financed through internally generated cash and bank financing. Our Directors are of the view that our Group's operation can be funded by internally generated cash and bank financing in the long run, and any significant expansion plan would require additional equity financing.

Cash Flows

The following table summarises our cash flows for the periods indicated:

	Year ended 31 March		For the eight months ended 30 November	
	2015	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Net cash generated from/(used in) operating activities	2,632	(3,110)	(857)	18,216
Net cash used in investing activities	(311)	(563)	(479)	(1,585)
Net cash used in financing activities	(735)	(280)	(183)	(226)
Net increase/(decrease) in cash and cash equivalents	1,586	(3,953)	(1,519)	16,405
Cash and cash equivalents at beginning of year/period	4,816	6,402	6,402	2,449
Cash and cash equivalents at end of the year/period	6,402	2,449	4,883	18,854

Net cash generated from/(used in) operating activities

Our Group's cash inflow from operating activities is principally generated from receipt of payments from our customers in relation to our provision of interior design and fit-out services to our customers. Our cash outflows from operating activities are principally due to the payments for purchase of materials from suppliers, subcontracting fees, staff costs, administrative and other operating expenses.

For the year ended 31 March 2015, we recorded profit before income tax of approximately HK$14,052,000 and net cash generated from operating activities of approximately HK$2,632,000. The difference was mainly due to (i) the cash advance by us to our Director, Mr. Chan and related companies of approximately HK$16,620,000 and HK$3,992,000 respectively, part of which was used by him to purchase our current office

unit in Shek Mun; (ii) the amount and the timing of receipts from our customers as well as the amount and timing of payments to our suppliers as at 31 March 2015, which is subject to the timing of our project and has no meaningful indication of our receipts and payment.

For the year ended 31 March 2016, we recorded profit before income tax of approximately HK$11,575,000 and net cash used in operating activities of approximately HK$3,110,000. The difference was mainly due to (i) the cash advance by us to our Director, Mr. Chan of approximately HK$13,086,000 for his personal use; (ii) the cash inflows from settlements of amounts due from related companies of approximately HK$7,281,000 to us; (iii) the amount and the timing of receipts from our customers as well as the amount and timing of payments to our suppliers as at 31 March 2016, which is subject to the timing of our project and has no meaningful indication of our receipts and payment; and (iv) the payments of Hong Kong profits tax of approximately HK$3,590,000.

For the eight months ended 30 November 2016, we recorded profit before income tax of approximately HK$7,528,000 and net cash generated from operating activities of approximately HK$18,216,000. The difference was mainly attributable to (i) the increase in trade and other payables of approximately HK$5,858,000 due to the the increase in the subcontracting charges which was in line with the growth of our business operations for the eight months ended 30 November 2016; (ii) the amount and the timing of receipts from our customers as well as the amount and timing of payments to our suppliers as at 30 November 2016, which is subject to the timing of our project and has no meaningful indication of our receipts and payments; and (iii) the increase in trade and other receivables of approximately HK$1,404,000 mainly due to the prepayment for listing expenses.

Net cash used in investing activities

For the year ended 31 March 2015, our net cash used in investing activities was approximately HK$311,000, arising from the combined effect of the purchases and disposals of property, plant and equipment. The cash flows used of approximately HK$410,000, together with finance lease arrangement, were in relation to the purchase of office equipment and a vehicle, which was offset by the proceeds received from the disposal of a vehicle of approximately HK$99,000.

For the year ended 31 March 2016, our net cash used in investing activities was approximately HK$563,000, arising from the combined effect of purchases and disposals of property, plant and equipment. The cash flows used of approximately HK$584,000, together with finance lease arrangement, were in relation to the purchase of 2 vehicles for business operation, which was offset by the proceeds from the disposal of vehicle of approximately HK$20,000.

For the eight months ended 30 November 2016, our net cash used in investing activities was approximately HK$1,585,000 which mainly attributable to the new opening of Kwun Tong branch and the relocation of Sha Tin and Wan Chai branches related equipment and expenses of approximately HK$1,595,000.

Net cash used in financing activities

Our cash outflows relating to financing activities consist principally of interest paid, repayments of finance lease liabilities, repayments of secured bank borrowings and dividends paid.

For the year ended 31 March 2015, our Group generated net cash outflow from financing activities of approximately HK$735,000, which consist of interest payment of approximately HK$25,000 due to bank loan, overdraft, finance lease of a vehicle, repayment of finance lease liabilities of approximately HK$81,000, and the full settlement of a long-term secured bank borrowings of approximately HK$629,000.

For the year ended 31 March 2016, our Group generated net cash outflow from financing activities of approximately HK$280,000, which consist of interest payment of approximately HK$50,000 due to bank overdraft, finance lease of two vehicles and repayment of finance lease liabilities of approximately HK$230,000.

For the eight months ended 30 November 2016, our Group generated net cash outflow from financing activities of approximately HK$226,000, which consist of interest payment of approximately HK$29,000, finance lease of two vehicles and repayment of finance lease liabilities of approximately HK$197,000.

NET CURRENT ASSETS/(LIABILITIES)

The table below sets forth the breakdown of our current assets and current liabilities as at 31 March 2015 and 2016, 30 November 2016 and 31 January 2017:

	As at 31 March		As at 30 November	As at 31 January
	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)
Current assets				
Gross amounts due from customers for contract work	–	154	642	444
Trade and other receivables	2,205	1,938	3,342	3,571
Amount due from a director	16,724	29,810	4,385	4,577
Amounts due from related companies	7,281	–	–	9
Cash and bank balances	6,402	2,449	18,854	8,602
Total current assets	32,612	34,351	27,223	17,203
Current liabilities				
Gross amounts due to customers for contract work	15,582	9,308	16,222	5,256
Trade and other payables	7,497	7,403	13,261	12,007
Provision for warranties	244	716	649	750
Current income tax liabilities	1,924	706	1,870	799
Amount due to a related company	–	4	8	8
Finance lease liabilities	141	308	318	320
Total current liabilities	25,388	18,445	32,328	19,140
Net current assets/(liabilities)	7,224	15,906	(5,105)	(1,937)

Our net current assets represent the difference between our total current assets and total current liabilities. Our Group's net current assets amounted to approximately HK$7,224,000 and HK$15,906,000 as at 31 March 2015 and 2016 respectively and amounted to approximately HK$5,105,000 and HK$1,937,000 of net current liabilities as at 30 November 2016 and 31 January 2017, respectively.

The net current liabilities as at 30 November 2016 and 31 January 2017 occurred as a result of the declaration of a HK$16,000,000 dividend on 5 April 2016 and the assignment of a property in Shek Mun to our Group as repayment for the amount due from a director. As a result, our current assets was significantly reduced to HK$27,223,000 and HK$17,203,000, respectively, while our current liabilities increased slightly due to additional new projects secure leading to an increase in gross amounts due to customers for contract

work. The decrease in the gross amounts due to customers for contract work from HK$16,222,000 as at 30 November 2016 to HK$5,256,000 as at 31 January 2017 was mainly because (i) contract works amounted to approximately HK$14,169,000 were completed or recognised for the two months ended 31 January 2017; and (ii) off set by the works of those projects received in December 2016 and January 2017 of approximately HK$3,203,000 which had not commenced in November 2016. Although we have a net current liabilities position, our Group is of the view that there is sufficient cashflow for our operations with the current cash and bank balances of HK$8,602,000 as at 31 January 2017, and our nil gearing, which will allow us to obtain loans from banks. Please refer to the paragraph headed "Working Capital Sufficiency" in this section for further details of our cashflow position.

Current assets

Amounts due from a director and related companies were the principal components of our current assets, followed by cash and bank balances during the Track Record Period.

Gross amounts due from customers for contract work

Our contract works are recorded as the amount of costs incurred plus recognised profit less progress billings, or less recognised losses if it exists. Gross amount due from customer exists when progress billing falls behind the billing of our cost. We normally bill customers a sufficient amount of progress billing to ensure our cost is always sufficiently covered. As a result, gross amounts due from customers for contract work occur only in small amounts when our progress billings do not cover our cost incurred sufficiently. During the year ended 31 March 2015, we did not have any gross amounts due from customers for contract work, while we only had an amount of approximately HK$154,000 and HK$642,000 for the year ended 31 March 2016 and the eight months ended 30 November 2016.

Amount due from a director

During the Track Record Period, the amount due from our executive Director, Mr. Chan, represented short term advances to him. These amounts are unsecured, interest-free and repayable on demand. The following table sets forth the details as at the dates indicated:

	As at 31 March		As at 30 November
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Amount due from a director	16,724	29,810	4,385

On 5 April 2016, our Group declared a dividend of HK$16,000,000 to Mr. Chan. Mr. Chan has further assigned the property held by him to our Group, which will be used by our Group as the new Sha Tin office, at a consideration of HK$9,600,000, which was determined after taking into consideration the original purchase price. The remaining balance of the amount due from a director will be settled by Mr. Chan prior to Listing.

Amounts due from related companies

The table below sets forth our amounts due from related companies as at 31 March 2015 and 2016 and 30 November 2016:

	As at 31 March		As at 30 November
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Related companies			
Smart Will (Macau)	3,450	–	–
Happy Field Corporation Limited	2,062	–	–
Rising Wing Enterprises Limited	1,444	–	–
Hong Kong Famous Designers Association Limited	325	–	–
Total	7,281	–	–

During the Track Record Period, we had the balances due from related companies, namely Smart Will (Macau), Happy Field Corporation Limited, Rising Wing Enterprises Limited and Hong Kong Famous Designers Association Limited, which were non-trade in nature. All the above balances were unsecured, interest-free and repayable on demand. As at 30 November 2016, all the above amounts were fully settled. There was no provision made against the principal amounts as at 31 March 2015 and 2016 and 30 November 2016, respectively.

Trade and other receivables

Our trade and other receivables consist primarily of other receivables, deposits and prepayments and a smaller portion of trade receivables. Trade and other receivables accounted for approximately 6.8%, 5.6% and 12.3%, respectively of our Group's total current assets as at 31 March 2015 and 2016 and 30 November 2016. The table below sets forth the breakdown of our trade and other receivables as at 31 March 2015 and 2016 and 30 November 2016:

	As at 31 March				As at 30 November	
	2015		**2016**		**2016**	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Trade receivables	433	19.6	154	7.9	470	14.1
Other receivables, deposits and prepayments	1,772	80.4	1,784	92.1	2,872	85.9
Total trade and other receivables	2,205	100.0	1,938	100.0	3,342	100.0

Our total trade and other receivables amounted to approximately HK$2,205,000 and HK$1,938,000, respectively as at 31 March 2015 and 2016, representing a decrease of approximately HK$267,000 or 12.1%. The decrease in total trade and other receivables decreased mainly as a result of the decrease in trade receivables, although other receivables, deposits and prepayments increased by an insignificant amount. As a result, other receivables, deposits and prepayments accounted for an even larger portion of total trade and other receivables of approximately 80.4% and 92.1%, as at 31 March 2015 and 2016, respectively.

As at 30 November 2016, our total trade and other receivables amounted to approximately HK$3,342,000, representing an increase of approximately HK$1,404,000, or 72.4%, primarily due to the increase in prepayment of listing expenses of approximately HK$1,870,000.

Trade receivables

Our trade receivables consists mainly of outstanding amounts billed to customers which have yet to receive full payment, less any identified impairment losses, for our services performed in the ordinary course of business.

The following table sets forth an ageing analysis of our Group's trade receivables based on the invoice date:

	As at 31 March		**As at 30 November**
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
0 to 30 days	361	120	77
31 to 60 days	5	–	43
61 to 90 days	–	5	313
Over 90 days	67	29	37
Total	433	154	470

Our customers need to make a down payment of approximately 5% of the estimated contract sum as the earnest deposit, followed by the stage payments, and the final payments upon signing the handover agreements. Accordingly, the amount of the trade receivables due within 0 to 30 days represented the largest category. Trade receivables over 90 days, which normally involves final payment, also dropped by approximately 56.7% to HK$29,000 as at 31 March 2016 as compared with 31 March 2015. As at 30 November 2016, our trade receivables was approximately HK$470,000. On rare occasion, customers might encounter issues with certain parts of the fit-out or renovation, and they may decide to delay their final payment, which results in extending our trade receivables above the 90 days period. They will sign the handover agreement with our Group when they are satisfied, after which we will consider the project as completed and handover the premises to our customers. Any issues from customers raised after the completion of the relevant project will be subject to our Group's after-sales services under the defect liability period. Therefore, we believe no provision for impairment loss is necessary in respect of these balances.

The following table sets forth the turnover days of trade receivables for the periods indicated:

	For the year ended 31 March		For the eight months ended 30 November
	2015	**2016**	**2016**
	days	*days*	*days*
Turnover days of trade receivables	1.6	0.9	0.8

Turnover days of trade receivables is calculated using an arithmetic mean of the opening and closing balances of trade receivables for the relevant period divided by revenue for the relevant period and multiplied by 365/244 days for each year/period.

Turnover days of our trade receivables during the Track Record Period remained relatively stable, dropping to 0.9 days as at 31 March 2016 from 1.6 days as at 31 March 2015, and further decrease to 0.8 days as at 30 November 2016. As discussed above, our customers usually pay us in a timely manner and as a result, our turnover days of trade receivables remain very low.

We did not make any provision on trade receivables for the two years ended 31 March 2016 and the eight months ended 30 November 2016. However, our Directors will consider making specific provisions for trade receivables when there is indication that the balances are unlikely to be paid. During the Track Record Period, there was no impairment loss on trade receivables.

As at the Latest Practicable Date, an aggregate amount of approximately HK$248,000, representing 52.8% of our trade receivables as at 30 November 2016 had been settled.

Other receivables, deposits and prepayments

Our other receivables, deposits and prepayments consists mainly of rental deposits due to normal business operation. The landlords of our branches and storage room require us to place a deposit ranging from 3 months to 6 months rent in advance. As a result, our other receivables, deposits and prepayments remain relatively stable as at 31 March 2016 as compared with 31 March 2015.

As at 30 November 2016, other receivables, deposits and prepayment increase by approximately HK$1,088,000. Such increase was mainly due to the increase in listing expenses prepayment of approximately HK$1,887,000.

Current liabilities

Gross amounts due to customers for contract work, and trade and other payables were the principal components of our current liabilities.

Gross amounts due to customers for contract work

Our contract works are recorded as the amount of costs incurred plus recognised profit less progress billings, or less recognised losses if it exists. Gross amounts due to customers exists when customers are billed or prepaid an amount that exceeds our cost plus recognised profit, which is our normal practice. Our amounts due to customers for contract work accounted for the largest portion of our Group's total current liabilities with approximately 61.4%, 50.5% and 50.2% as at 31 March 2015 and 2016 and 30 November 2016, respectively.

The following table sets forth our Group's gross amounts due to customers for contract works as at 31 March 2015 and 2016 and 30 November 2016:

	As at 31 March		As at 30 November
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Gross amounts due to customers for contract work			
Progress billings received and receivables	21,973	17,745	39,143
Less: Contract costs incurred plus recognised profits less recognised losses	(6,391)	(8,437)	(22,921)
	15,582	9,308	16,222

The gross amounts due to customers for contract work vary from time to time owing to the variations in volume and contract sum of the projects we performed close to the end of each reporting period. During the Track Record Period, we collect up to 60% of the contract sum as non-refundable deposit payable on the date of commencement of the work and a further 30% upon the delivery of furniture, which results in such significant gross amounts due to customers for contract work.

Trade and other payables

Our trade and other payables primarily consists of (i) trade payables; and (ii) other payables, deposits received in advance and accruals. Trade and other payables accounted for approximately 29.5% and 40.1% and 41.0%, respectively of our Group's total current liabilities as at 31 March 2015 and 2016 and 30 November 2016.

The table below sets forth the breakdown of our trade and other payables as at 31 March 2015 and 2016 and 30 November 2016:

	As at 31 March				As at 30 November	
	2015		2016		2016	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Trade payables	5,330	71.1	3,791	51.2	8,824	66.5
Other payables, deposits received in advance and accruals	2,167	28.9	3,612	48.8	4,437	33.5
Total trade and other payables	7,497	100.0	7,403	100.0	13,261	100.0

As at 31 March 2015 and 2016, our total trade and other payables amounted to approximately HK$7,497,000 and HK$7,403,000 respectively, representing a decrease of approximately HK$94,000, or 1.3%. The increasing amount of other payables, deposits received in advance and accruals as at 31 March 2016 was offset by the reduction in trade payables resulting in a very slight decrease in total trade and other payables.

As at 30 November 2016, our total trade and other payables amounted to approximately HK$13,261,000, representing an increase of HK$5,858,000, or 79.1%, primarily due to the increase in the trade payables of approximately HK$5,033,000.

Trade payables

Our trade payables mainly represented amounts payable to our subcontractors and our material suppliers from whom we purchased materials. Trade payables amounted to approximately HK$5,330,000, HK$3,791,000 and HK$8,824,000 as at 31 March 2015 and 2016 and 30 November 2016, respectively.

The decrease in amount of trade payables as of 31 March 2016 by approximately HK$1,539,000 or 28.9% was primarily a result of our settlement of bills we received from our subcontractors and material suppliers within short period of time. As at 30 November 2016, our trade payables increase by approximately HK$5,033,000 or 132.8% was primarily due to the increase in our direct costs in relation to subcontracting works which was in line with the growth of our business operations for the eight months ended 30 November 2016. Once we received the billing invoices, the staff of our project management team will visit the sites to confirm the completion status of the works before making any payment to our subcontractors and material suppliers.

The following table sets forth an ageing analysis of our Group's trade payables based on the invoice date as at 31 March 2015 and 2016 and 30 November 2016:

	As at 31 March		As at 30 November
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
0 to 30 days	4,363	1,998	4,871
31 to 60 days	249	306	1,985
61 to 90 days	120	793	576
Over 90 days	598	694	1,392
Total	5,330	3,791	8,824

The credit period on trade payables provided by our suppliers is generally within 30 days from the invoice date of the relevant purchases. As at 31 March 2016, our trade payables has decreased in total as compared with 31 March 2015, the aging of our trade payables shows an increase for those over 30 days. Such increase is related to those subcontractors who have already issued billings as at year/period end but has yet to complete their works or there were issues still outstanding relating to their work done. As mentioned earlier in this section, we will verify the performance of our subcontractors to ensure that their works have been completed in a satisfactory manner before any payment is made to them. As such, these subcontractors will be paid once all outstanding issues have been settled. As at the Latest Practicable Date, we did not experience any material dispute with our subcontractors for payment withheld pending the satisfactory performance of their works.

The following table sets forth the turnover days of trade payables for the periods indicated:

	For the year ended 31 March		For the eight months ended 30 November
	2015	**2016**	**2016**
	days	*days*	*days*
Turnover days of trade payables	19.2	20.0	23.8

Turnover days of trade payables for a certain period is calculated using an arithmetic mean of the opening and closing balances of trade payables for the relevant period divided by direct costs for the relevant period and multiplied by 365/244 days for each year/period.

Turnover days of our trade payables measure the number of days a company takes to pay its suppliers/subcontractors from the date on which the inventory/services were received. Turnover days of our trade payables remain steady with a slightly increase from

approximately 19.2 days for the year ended 31 March 2015 to 20.0 days for the year ended 31 March 2016, and further increase to 23.8 days for the eight months ended 30 November 2016.

As at the Latest Practicable Date, an aggregate amount of approximately HK$7,469,000, representing 84.6% of our trade payable as at 30 November 2016 has been settled.

Other payables, deposits received in advance and accruals

Our other payables, deposits received in advances and accruals mainly represented the amounts of customers' deposits receipts received in advance, accrued operating expenses and accrued salaries for the two years ended 31 March 2016 and the eight months ended 30 November 2016. Other payables, deposits received in advances and accruals amounted to approximately HK$2,167,000, HK$3,612,000 and HK$4,437,000, respectively as at 31 March of 2015 and 2016 and as at 30 November 2016.

The increase in amount of other payables, deposits received in advance and accruals as of 31 March 2016 by approximately HK$1,445,000 or 66.7%, was primarily a result of the increase in the amount of the customers' deposits. Such increment was in line with the increased numbers of both residential and commercial projects between the financial years of 2015 and 2016. As at 30 November 2016, other payable further increased by approximately HK$825,000, or 22.8%, was primarily due to a result of the increase in the amount of the customers' deposits. Such increase was mainly due to the higher value of the outstanding projects. Our customers are required to make a down payment of approximately 5% of the estimated contract sum as earnest deposit after signing the preliminary proposals before entering into the design stage. Please refer to the section headed "Business – Our operating process – Initial stage" for details of the down payment.

Provision for warranties

Provision for warranties is made where warranty claims are probable. We continuously review historical warranty cost information to make appropriate adjustments to the provisions. Please refer to the section headed "Warranty expenses" above for the details about the provision for warranties.

NON-CURRENT ASSETS

Property, plant and equipment was the principal component of our non-current assets other than deferred tax assets.

Property, plant and equipment

Property, plant and equipment of our Group primarily consists of computer equipment, leasehold improvements, furniture and fixtures, office equipment and motor vehicles. The following table sets forth the carrying values of our property, plant and equipment as at 31 March 2015 and 2016 and 30 November 2016:

	As at 31 March		As at 30 November
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Computer equipment	389	574	481
Leasehold improvements	–	19	441
Furniture and fixtures	3	113	322
Office equipment	21	27	94
Motor vehicles	695	1,226	1,027
Building	–	–	10,207
Total	1,108	1,959	12,572

Net carrying values of our property, plant and equipment were approximately HK$1,108,000, HK$1,959,000 and HK$12,572,000, respectively as at 31 March 2015 and 2016 and 30 November 2016. Our net carrying values of property, plant and equipment increased by HK$851,000 or 76.8% as a result of the purchase of computer equipment in respect of the opening of new branch in Tsuen Wan and the purchase of 2 motor vehicles for normal business purpose for the year ended 31 March 2016.

On 23 May 2016, Mr. Chan assigned a property in Shek Mun, which will be used as our new Sha Tin branch, to our Group as settlement of amount due from a director. The price of the property assigned was approximately HK$9,600,000, which was determined after taking into consideration the original purchase price. In respect of the new opening of Kwun Tong branch and the relocation of Sha Tin and Wan Chai branches, our Group spent approximately HK$727,000 for the leasehold improvements and furniture and fixtures for the eight months ended 30 November 2016.

MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions

During the Track Record Period, we entered into various transactions with Mr. Chan and his associates. Such transactions including the renting expense of office premises, payment of commission and payment of subcontracting charges. Please refer to note 28 "Related party transactions" of the Accountants' Report in Appendix I to this prospectus for details. Some of these transactions will continue after the Listing as we have entered into a framework property agreement with Mr. Chan to govern these transactions, and accordingly, it will constitute continuing connected transactions (as defined under the GEM Listing Rules) of our Company. Please refer to the section headed "Connected Transactions" to this prospectus for the details on the continuing connected transactions.

Our Directors confirm that these transactions were conducted on arm's length basis, and on normal commercial terms and/or that such terms were no less favourable to our Group than terms available to independent third parties and were fair and reasonable and in the interests of our Shareholders as a whole.

Balances with related parties

Please refer to notes 17, 18, 22 and 24 of the Accountants' Report in Appendix I to this prospectus, and the paragraphs headed "Current assets – Amount due from a director" and "Current assets – Amounts due from related companies" in this section for further details of balances with related parties.

As part of Reorganisation, all of the amounts due from Mr. Chan, the related companies and Chun Wah, as well as the amounts due to Hong Kong Famous Designers Association Limited will be settled before listing.

RETAINED EARNINGS

As at 1 April 2014, our Group had accumulated losses amounting to approximately HK$4,034,000. Our accumulated losses can be traced back to 2003, when our scale of business was a few times smaller than the current level. Since 2003, our Group experienced 3 few major setbacks that resulted in significant losses to our Group, namely the outbreak of severe acute respiratory syndrome in Hong Kong in late 2003, the global financial crises that began in 2007 and the introduction of property market cooling measures for the first time in Hong Kong in late 2010. We have been profitable for financial years ended 31 March 2006 and 2010, and since 31 March 2013. During the Track Record Period, we increased its marketing effort by increasing our advertising and related expenses, and through years of marketing efforts, the brand has gained recognition in Hong Kong. In 2015, our Group was awarded the "2015 TVB Weekly Brand Award" for being the most popular interior design company. Our designs have also been showcased on several television programmes, providing interior design insights and ideas. The recognition of our brand had boosted our business growth and flexibility in our pricing as it provides assurance and confidence as to our quality and services to our customers. In addition, we have managed our cost better during the Track Record Period by adopting series of stringent cost control measures, such

as (i) gradually migrating our outlets from large premises in shopping mall to small premises in office buildings; (ii) implementing policies on monitoring subcontracting charges and material costs by devoting more efforts in comparing quotations from multiple subcontractors and suppliers for sizable projects and costly items; (iii) adopting better cost control measures over our fixed costs, including remuneration and benefits to our employees; and (iv) upgrading an information management system, which we utilised it to better monitor the progress and profitability of our projects. As a result, our Group is able to achieve a significant improvement of financial performance during the Track Record Period. Our Directors are of the view that our Group are now capable of withstanding major market disruption, including the latest round of property stamp duty increase introduced in November 2016.

INDEBTEDNESS

As at 31 January 2017, which is the latest practicable date for ascertaining information contained in the indebtedness statement prior to the printing of this prospectus, our total indebtedness amounted to HK$802,000, which was attributable to the interest-bearing obligations under finance leases only. The table below sets forth the breakdown of our indebtedness as of the dates indicated:

	As at 31 March		As at 30 November	As at 31 January
	2015	**2016**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)
Current liabilities				
Finance lease liabilities	141	308	318	320
Non-current liabilities				
Finance lease liabilities	414	744	537	482
Total borrowings	555	1,052	855	802

Please refer to note 24 in the Accountants' Report set out in Appendix I to this prospectus for details of the finance lease liabilities as at 31 March 2015 and 2016 and 30 November 2016.

As at 31 March 2015 and 2016, all of our Group's overdraft facilities were secured by Mr Chan's unlimited personal guarantee. Such overdraft facilities have been terminated in May 2016 in order to save time from negotiating with the respective banks for the release of personal guarantee by Mr. Chan associated with the bank facilities.

Save as aforesaid finance lease liabilities or as otherwise disclosed herein, we did not have further outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptance (other than normal trade bills), acceptance credits, debentures, mortgages, charges, guarantees or other contingent liabilities as at 30 November 2016, being the latest

practicable date for our indebtedness statement. On the basis that our Group did not experience difficulties in obtaining bank borrowings during the Track Record Period, our Directors do not anticipate that our Group will have difficulties in obtaining banking facilities after Listing. As at the Latest Practicable Date, our Directors confirmed that we had no material external financing plan.

CAPITAL EXPENDITURES

Our capital expenditures principally comprised expenditures for the purchase of property and equipment and other long-term assets during the Track Record Period. The following table sets forth our capital expenditures for the periods indicated.

	For the year ended 31 March		For the eight months ended 30 November
	2015	**2016**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Purchase of property and equipment and long-term assets	769	1,311	11,195

For the year ended 31 March 2015, our capital expenditures were mainly related to the purchase of a motor vehicle for normal business operation purposes, and we funded these expenditures primarily with cash generated for our operations and a finance lease. For the year ended 31 March 2016, our capital expenditures were mainly related to the purchase of 2 motor vehicles for normal business operation, as well as the establishment of a new branch in Tsuen Wan, which was primarily funded with cash generated from our operations. For the eight months ended 30 November 2016, our capital expenses was mainly related to the purchase of the new Shek Mun office, which was used to settle a portion of the amount due form a director.

We estimate that our capital expenditures for the year ending 31 March 2017 will be approximately HK$1,000,000, which will be used primarily for the relocation of our Wan Chai branch and Sha Tin branch and the establishment of new branch in Kwun Tong. We expect to fund these capital expenditures by cash generated from our operations.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Capital commitments

As at 31 March 2015 and 2016, 30 November 2016 and 31 January 2017, we had no contractual capital commitments. We expect a small amount of capital commitment in relation to the relocation of our Wan Chai branch and Sha Tin branch, and the establishment of Kwun Tong branch as mentioned above.

Operating lease commitments

The following table sets forth our total future aggregate minimum lease payments under non-cancellable operating leases in respect of office premises and office equipment as at 31 March 2015 and 2016, 30 November 2016 and 31 January 2017:

	As at 31 March		As at 30 November	As at 31 January
	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)
Within one year	1,720	2,486	2,078	1,963
In the second to fifth years inclusive	752	1,452	722	503
	2,472	3,938	2,800	2,466

Operating leases relate to office premises have lease terms ranging from 1 to 5 years. We do not have an option to purchase the leased asset at the expiry of the lease period. The future aggregate minimum lease payments under non-cancellable operating leases increased by HK$1,466,000 during the Track Record Period was primarily due to (i) our new photocopier machines; and (ii) renewal of the lease agreements.

CONTINGENT LIABILITIES

As at the Latest Practicable Date, we were not involved in any material legal, arbitration or administrative proceedings that, if adversely determined, we expect would materially and adversely affect our financial positions or results of operations, although there can be no assurance that this will be the case in the future.

As at 31 March 2015 and 2016, 30 November 2016 and 31 January 2017, we did not have any significant contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contractual obligations set out in the paragraphs headed "Indebtedness" and the "Contractual obligations and commitments" in this section, as at the Latest Practicable Date, we have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our Shares and classified as shareholder's equity, or that are not reflected in our combined financial statements. We do not have any variable interests in any uncombined entity that provides financing, liquidity or credit support to us, or engages in leasing, hedging or research and development services with us.

WORKING CAPITAL SUFFICIENCY

As at 31 March 2016, 30 November 2016 and 31 January 2017, our cash and bank balances amounted to approximately HK$2,449,000, HK$18,854,000 and HK$8,602,000, respectively.

Taking into account the financial resources available to our Group, including the internally generated funds, cash and cash equivalents on hand, the expected net proceeds of the Share Offer, and in the absence of unforeseen circumstances, our Directors are of the view, and the Sole Sponsor concurs, that our Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this prospectus.

FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

Financial risk management

Our Group's activities are exposed to a variety of financial risks, including interest rate risk, credit risk and liquidity risk in the normal course of our business operations.

Our interest rate risk is insignificant because our Group do not have any significant interest-bearing assets except for bank balance, in which our management is expected that the interest rates of bank balances will not change significantly. We are not exposed to cash flow interest rate risk arising from our borrowings as well, as our Group's finance lease liabilities are at fixed interest rates. Our Group does not use any derivative financial instruments to hedge our risk exposure against changes in interest rates.

The credit risk of our Group mainly arises from trade and other receivables, as well as cash and bank balances. The carrying amounts, where applicable, of each class of these financial assets represent our Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting dates. Our credit risk of bank balances is limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies. In respect of trade and other receivables, individual credit evaluations are performed on our customers and counterparties. Monitoring procedures have been implemented to ensure that follow-up action will be taken to recover overdue debts. Our Directors will consider making specific provisions for trade receivables at the end of each reporting period when there are indication that the balances are unlikely to be recovered.

However, our Group has certain concentration of credit risk, given that as at 31 March 2015 and 2016 and 30 November 2016, approximately 51.3%, 86.8% and 16.1% of our current assets were due from Mr. Chan, respectively.

Our Group's policy is to monitor our current and expected liquidity requirements regularly to ensure that our Group maintains sufficient reserve of cash to meet our liquidity requirements in both long and short terms to ensure that our Group has sufficient financial resources to fund our operations.

We operate within the interior design and fit-out services industry in Hong Kong, with most of our transactions settled in Hong Kong Dollars. As such, our Directors are of the view that our Group did not have significant exposure to foreign exchange risk during the Track Record Period.

Capital risk management

Our Group's objectives when managing capital are to safeguard our ability to continue as a going concern, so that we are able to continue to provide returns for our Shareholders, to support our stability and growth, and to optimise our capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, we may adjust the amount of dividends paid to our Shareholders, return capital to our Shareholders, issue new Shares or sell assets to reduce debt. Our Group monitors capital on the basis of our gearing ratio.

For further details of our Group's financial risk management, please refer to Note "3. Financial Risk Management" of the Accountant's Report to this prospectus.

OTHER KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates indicated:

	For the year ended 31 March		For the eight months ended 30 November
	2015	**2016**	**2016**
Profitability ratios			
Gross profit margin *(note 1)*	30.4%	29.7%	28.3%
Net profit margin *(note 2)*	11.7%	7.6%	5.7%
Return on equity *(note 3)*	148.9%	52.8%	124.8%
Return on total assets *(note 4)*	35.4%	24.7%	19.2%
Capital adequacy ratio			
Interest coverage ratio *(note 5)*	563.1 times	232.5 times	260.6 times

	As at 31 March		As at 30 November
	2015	**2016**	**2016**
Liquidity ratios			
Current/Quick ratio (times) *(note 6)*	1.28 times	1.86 times	0.84 times
Capital adequacy ratios			
Gearing ratio *(note 7)*	6.9%	6.1%	12.2%

Notes:

1. Gross profit margin is calculated by dividing our revenue minus our direct costs for the respective year/period by our revenue for the same year/period, and multiplying the result by 100%.

2. Net profit margin is calculated by dividing the profit attributable to owners of our Company for the respective year/period by our revenue for the same year/period, and multiplying the result by 100%.

3. Return on equity is calculated based on the profit attributable to the owners of our Company for the respective year divided by the total equity attributable to the owners of our Company as at the end of the respective year, multiplied by 100% for each of the years ended 31 March 2015 and 2016; or multiplied by 365/244 and then multiplying the resulting value by 100% for the eight months ended 30 November 2016.

4. Return on total assets is calculated based on the profit attributable to owners of our Company for the respective year divided by the total assets at the end of the respective period, multiplied by 100% for each of the years ended 31 March 2015 and 2016; or multiplied by 365/244 and then multiplying the resulting value by 100% for the eight months ended 30 November 2016.

5. Interest coverage ratio is calculated based on the net profit before interest and tax for the respective year/period divided by the interest expenses for the respective year/period.

6. Current ratio is calculated based on the total current assets as at the end of the respective year/period divided by the total current liabilities as at the end of the respective year/period. Quick ratio is calculated based on the total current assets minus inventories as at the end of the respective year/period divided by the total current liabilities as at the end of the respective year/period.

7. Gearing ratio is calculated based on the total interest-bearing liabilities as at the end of the respective year divided by total equity as at the end of the respective year, multiplied by 100% for each of the years ended 31 March 2015 and 2016 and the eight months ended 30 November 2016.

Please refer to the paragraphs headed "Description of selected components of combined statements of profit or loss and other comprehensive income and review of historical operating results" and "Net current assets/(liabilities)" above for discussion of (i) the factors affecting return on equity, return on total assets, quick/current ratio, gearing ratio, net debt to equity ratio and interest coverage ratio; and (ii) the analysis of revenue growth, gross profit margin and net profit margin. Please also refer to the paragraph headed "Indebtedness" above discussion of the factors affecting gearing ratio.

Return on equity

Return on equity for the two years ended 31 March 2016 was approximately 148.9% and 52.8%, respectively. The decrease was mainly due to the increase in equity attributable to owner of the Company for the year ended 31 March 2016 by approximately 111.8% resulting from the contribution of net profit for the year ended 31 March 2015 to the retained earnings of 2016, while the net profit attributable to the owner of the Company for the year ended 31 March 2016 was decreased by approximately 24.9% owing to the one-off Listing expenses and the reasons mentioned above. For illustration purpose only, by excluding such one-off expenses, the adjusted return on equity of our Group for the year ended 31 March 2016 was approximately 59.8%. Return on equity for the eight months ended 30 November 2016 was approximately 124.8% due to the decrease in equity attributable to owner of the Company for the eight months ended 30 November 2016 by approximately 63.8% resulting from the declaration of a HK$16,000,000 dividend on 5 April 2016.

Return on total assets

Return on total assets for the two years ended 31 March 2016 was approximately 35.4% and 24.7%, respectively. The decrease was mainly due to the increasing amount due from Mr. Chan of approximately HK$13,086,000 when comparing to the figure of 2015, while the net profit attributable to the owners of our Company for the year ended 31 March 2016 was decreased by approximately 24.9% owing to the one-off Listing expenses and the reasons mentioned above. For illustration purpose only, by excluding such one-off expenses, the adjusted return on total assets of our Group for the year ended 31 March 2016 was approximately 32.8%. Return on total assets for the eight months ended 30 November 2016 was approximately 19.2% due to the non-recurring listing expenses for the eight months ended 30 November 2016 of approximately HK$2,979,000.

Interest coverage ratio

Our Group's interest coverage was approximately 563.1 times and 232.5 times for the two years ended 31 March 2016, respectively. The decrease of interest coverage ratio was mainly due to newly purchase of motor vehicles in the financial year of 2016 resulting the increment of the interests incurred by such finance leases. Interest coverage for the eight months ended 30 November 2016 was approximately 260.6 times mainly due to the decrease in interest payment for finance lease for the eight months ended 30 November 2016.

Current/Quick ratio

As our Group did not hold any inventory during the Track Record Period, the current ratio of our Group is identical to the quick ratio. As of 31 March 2015 and 2016, current ratio was approximately 1.28 times and 1.86 times, respectively. The improvement in current/quick ratio was resulted from the increase in current asset and the reduction in the current liabilities. The increase in the current assets was mainly attributable to the increasing amount due from Mr. Chan of approximately HK$13,086,000 when comparing to the figure of 2015, and the reducing amount of approximately HK$6,274,000 of the gross amounts due to customers for contract work. Our current ratio was 0.84 times as at 30 November 2016. The decrease was mainly due to the decrease in amount due from a director which offset by (i) the declaration of a HK$16,000,000 dividend on 5 April 2016; and (ii) the assignment of a property in Shek Mun, at a consideration of HK$9,600,000.

Gearing ratio

Gearing ratio as at 31 March 2015 and 2016 was approximately 6.9% and 6.1% respectively. The decrease of gearing ratio was mainly due to newly purchase of motor vehicles in 2016 resulting the increment of finance lease liabilities, which is offset by the increase in equity base in 2016 by approximately 111.8% resulting from the contribution of net profit for the year ended 31 March 2015 to the retained earnings of 2016. Our gearing ratio was approximately 12.2% as at 30 November 2016. The increase was mainly due to the decrease in the equity base from approximately HK$17,203,000 as at 31 March 2016 to approximately HK$6,988,000 as at 30 November 2016 resulted from the declaration of a HK$16,000,000 dividend on 5 April 2016.

DISCLOSURES OF ADVANCES REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there were no circumstances which give rise to a disclosure obligations under GEM Listing Rules 17.15 to 17.21 of the GEM Listing Rules.

RECENT BUSINESS DEVELOPMENT

We recorded an unaudited revenue of approximately HK$28,230,000 for the two months ended 31 January 2017. Our Group had net current liabilities of approximately HK$5,105,000 as at 30 November 2016 and had net current liabilities of approximately HK$1,937,000 as at 31 January 2017. Please refer to paragraph headed "Net current assets/(liabilities)" in the section headed "Financial Information" to this prospectus for details.

During the month ended 31 December 2016, we have secured 36 new orders from our customers with total contract sum amounted to approximately HK$11,726,000, representing a growth of approximately 21.2% in term of contract sum of new orders signed over the corresponding period in the prior year.

MATERIAL ADVERSE CHANGE

We did not experience any significant decrease in revenue or any unexpected increase in the direct costs and other costs subsequent to the Track Record Period and up to the date of this prospectus. The interior design and fit-out services industry in Hong Kong remained relatively stable after the Track Record Period and up to the date of this prospectus. As far as the our Directors are aware, there are no material adverse changes affecting the industry we operate in Hong Kong which could have a material and adverse impact on our business and financial conditions and our operating results. However, the impact of the Listing expenses on the profit or loss accounts has posted a material adverse change in the financial or trading position or prospect of our Group since 30 November 2016 (being the date on which our latest audited consolidated financial statements were made up). Prospective investors should be aware of the impact of the Listing expenses on the financial performance of our Group for the year ending 31 March 2017.

Saved as disclosed above, after performing sufficient due diligence works which our Directors consider appropriate and after due and careful consideration, our Directors confirm that there has been no material adverse change in our financial or trading position or prospects since 30 November 2016 (being the date on which our latest audited consolidated financial statements were prepared as set out in the Accountants' Report in Appendix I to this prospectus) and up to the date of this prospectus and there had been no event since 30 November 2016 which would materially affect the information shown in the Accountants' Report in Appendix I to this prospectus.

RECONCILIATION OF APPRAISED PROPERTY VALUES WITH NET BOOK VALUES

Further information on the property interest of our Group is set forth in Appendix III to this prospectus. The property valuer has valued the property assigned to our Group as at 28 February 2017. The text of its letter, summary of valuations and valuation certificate are set forth in Appendix III to this prospectus.

There is a net revaluation surplus, representing the excess market value of the property over its carrying amounts, amounted to approximately HK$1,360,000 of which will not be included in our Group's accounts for the year ending 31 March 2017. In accordance with our accounting policy, all properties are stated at cost less accumulated depreciation. As such, the net revaluation surplus arising from the valuation of property has not been included in the combined statements of financial position under the section headed "Accountants' Report" set out in Appendix I to this prospectus.

The table below shows the reconciliation of the purchase cost of the property interests from the audited financial statements as at 30 November 2016 to the valuation of the property interests as at 28 February 2017:

	HK$'000
Net book value of property as at 30 November 2016 as set out in the Accountant's Report included in Appendix I to this prospectus:	
Building	10,207
Movements during the three months ended 28 February 2017 (unaudited):	
Depreciation	57
Net book value of property as at 28 February 2017	10,150
Valuation surplus	1,360
Valuation as at 28 February 2017 as set out in the Property Valuation Report included in Appendix III to this prospectus	11,510

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma data relating to our combined net tangible assets attributable to owners of our Company prepared in accordance with Rule 7.31 of the GEM Listing Rules is for illustrative purposes only and is set out below to illustrate the effect of the Share Offer on our combined net tangible assets attributable to owners of our Company as at 30 November 2016 as if the Share Offer had taken place on that date. Due to its hypothetical nature, the following unaudited pro forma data may not give a true picture of our combined net tangible assets attributable to owners of our Company as at 30 November 2016 or as at any subsequent date following the Share Offer. It is prepared based on the audited combined financial information as at 30 November 2016 as set forth in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below. This unaudited pro forma statement of adjusted combined net tangible assets does not form part of the Accountants' Report as set forth in Appendix I to this prospectus.

	Audited combined net tangible assets of our Group attributable to owners of our Company as at 30 November 2016 *(Note 1)*	**Add: Estimated net proceeds from the Share Offer** *(Note 2)*	**Unaudited pro forma adjusted net tangible assets attributable to owners of our Company**	**Unaudited pro forma adjusted net tangible assets of our Group attributable to owners of our Company per Share** *(Note 3)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
Based on the price of HK$0.26 per Offer Share	6,156	40,647	46,803	0.06
Based on the price of HK$0.32 per Offer Share	6,156	52,227	58,383	0.07

Notes:

1. The audited combined net tangible assets of our Group attributable to owners of our Company as at 30 November 2016 is extracted from the Accountant's Report set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Share Offer are based on the Offer Price of HK$0.26 and HK$0.32 per Share after deduction of the underwriting commissions and fees and other related expenses payable by the Company (excluding approximately HK$5,962,000 listing-related expenses which have been accounted for prior to 30 November 2016).

3. The unaudited pro forma adjusted net tangible assets of our Group attributable to owners of our Company is arrived at after taking into consideration the adjustments described in note 1 and note 2 above and on the basis that 800,000,000 Shares are issued and outstanding as set out in the section headed "Share Capital" in this prospectus.

4. No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets of our Group to owner of our Company as at 30 November 2016 to reflect any trading results or other transactions entered into by our Group subsequent to 30 November 2016.

For more details, please refer to Appendix II to this prospectus.

DIVIDEND AND DISTRIBUTIVE RESERVES

We did not declare any dividends to our then Shareholders for the financial years of 2015 and 2016. On 5 April 2016, we declared a dividend of HK$16,000,000 to the then shareholder of Smart Will, Mr. Chan, which was used to offset partially the amount due from him.

We do not have a fixed dividend policy and our Company does not have any predetermined dividend payout ratio. The payment and the amount of any future dividends will be at the discretion of our Directors and will depend on the future operations and earnings, capital requirements and surplus, general financial condition and other factors that our Directors deem relevant. Investors should note that historical dividend distributions are not indicative of our Company's future dividend distribution policy. In addition, our Controlling Shareholders will be able to influence the approval by our Shareholders in a general meeting for any payment of dividends.

Any declaration, payment as well as the amount of dividends will be subject to the Articles and the Companies Law. Our Shareholders in general meeting may approve and make any declaration of dividends in any currency, but no dividend shall exceed the amount recommended by our Board. Dividends may be paid out of our Company's distributable profits as permitted under the relevant laws.

Our Company was incorporated on 17 February 2016 and has not carried out any business since the date of incorporation. Accordingly, our Company did not have any distributive reserve available for distribution to our Shareholders as at 30 November 2016.

LISTING EXPENSES

Our Directors expect that our total Listing expenses are non-recurring in nature. Assuming the Offer Price of HK$0.29 per Offer Share (being the mid-point of the indicative offer price range stated in this prospectus), the total estimated listing expenses incurred in relation to the Share Offer are approximately HK$17,525,000, without taking into account any discretionary incentive fees, of which approximately HK$5,821,000 is directly attributable to the issuance and offering of Shares and will be capitalised and deducted from equity for the year ending 31 March 2017, approximately HK$2,983,000 has been used in the financial year of 2016, and approximately HK$8,721,000 is expected to be used in the financial year ending 31 March 2017. These Listing expenses mainly comprised of professional fees paid and payable to the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the legal advisors and the reporting accountants for their services rendered in relation to the Share Offer.

UNDERWRITERS

Joint Bookrunners and Joint Lead Managers

Frontpage Capital Limited
ChaoShang Securities Limited
Supreme China Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Public Offer

Public Offer Underwriting Agreement

Our Company, Controlling Shareholders, executive Directors, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Public Offer Underwriter have entered into the Public Offer Underwriting Agreement. As described in the Public Offer Underwriting Agreement, we are offering the Public Offer Shares for subscription on the terms and conditions of this prospectus and the Application Forms at the Offer Price. Subject to the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, our Shares in issue and to be issued, and to certain other conditions described in the Public Offer Underwriting Agreement (including the Joint Lead Managers (on behalf of themselves and the Public Offer Underwriter) and us agreeing to the Offer Price), the Public Offer Underwriter have agreed severally to subscribe, or procure subscribers to subscribe, for the Public Offer Shares which are being offered but not taken up under the Public Offer on the terms and subject to the conditions of the Public Offer Underwriting Agreement.

The Public Offer Underwriting Agreement is conditional upon and subject to, amongst other things, the Placing Underwriting Agreement having been signed and becoming unconditional.

Grounds for termination

If at any time prior to 8:00 a.m. on the Listing Date:

(a) there comes to the notice of ChaoShang Securities (for itself and on behalf of the Joint Lead Managers, the Joint Bookrunners and the Public Offer Underwriter):

  (i) any new law or regulation in Hong Kong, the Seychelles and the Cayman Islands comes into force, or there is any change in existing law or regulation in Hong Kong, the Seychelles and the Cayman Islands, or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the Seychelles and the Cayman Islands; or

  (ii) there is any material adverse change (including any event or series of events concerning or relating to or otherwise having an effect on) in Hong Kong financial, political, military, industrial, fiscal, legal, regulatory, economic or market conditions, stock or financial market conditions; or

  (iii) there is any material adverse change in the conditions of the Hong Kong securities markets including, for the avoidance of doubt, any significant adverse change in the index level or value of turnover of such markets; or

(iv) without prejudice to sub-paragraph (ii) and (iii) above, there is imposed any moratorium, suspension on trading in securities generally on the Stock Exchange due to exceptional financial circumstance, or minimum prices having been established for securities traded in general thereon; or

(v) without prejudice to sub-paragraph (ii), (iii) and (iv) above, a general banking moratorium is declared by Hong Kong authorities; or

(vi) there is a material adverse change or development involving a prospective material adverse change in taxation or exchange controls in Hong Kong, the Seychelles, or the Cayman Islands; or

(vii) there is any material investigation or litigation or claim being threatened or instituted against any executive Director or member of our Group; or

(viii) there is any event or series of event of force majeure (including, but without limitation, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike, lockout, or outbreak of other diseases); or

(ix) any statement contained in this prospectus and any announcement or circular published by our Company in relation to the Share Offer was, when any of such documents was issued, or has become, untrue, incorrect or misleading in any material respect; or

(x) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission therefrom in the context of the Share Offer or the Listing; or

(xi) a contravention by any member of our Group of the Companies Ordinance, the SFO, or any of the GEM Listing Rules; or

(xii) a prohibition on our Company from allotting or selling the Shares pursuant to the terms of the Share Offer for whatever reason; or

(xiii) a petition is presented or an order is made for the winding up or liquidation of any member of our Group, or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any material member of our Group,

which in the sole and reasonable opinion of the ChaoShang Securities (for itself and on behalf of the Joint Lead Managers, the Joint Bookrunners and the Public Offer Underwriter) has or will have a material adverse effect on the business or financial conditions or prospects of our Group taken as a whole or to the success of the Share Offer or the distribution of the Offer Shares, or

(b) ChaoShang Securities (for itself and on behalf of the Joint Lead Managers, the Joint Bookrunners, the Sole Sponsor or any of the Underwriters becomes aware, or has reasonable cause to believe that:

(i) there has occurred any breach which is material and adverse in the context of the Share Offer or the Listing, of any of the obligations and provisions (save for those from the Joint Lead Managers, the Joint Bookrunners, the Sole Sponsor and/or any of the Underwriters) contained in the Public Offer Underwriting Agreement; or

(ii) there has occurred any material adverse change in the business or in the financial or trading positions or prospects of any member of our Group taken as a whole which is material and adverse in the context of the Share Offer and the Listing,

then and in any such case, ChaoShang Securities (for itself and on behalf of the Joint Lead Managers, Joint Bookrunners and the Public Offer Underwriter) shall have the sole right upon giving notice in writing to our Company at any time prior to 8:00 a.m. on the Listing Date to terminate their obligations under the Public Offer Underwriting Agreement.

UNDERTAKINGS GIVEN TO THE STOCK EXCHANGE PURSUANT TO THE GEM LISTING RULES

Undertaking by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the Listing Date), except in any of the circumstances provided for under Rule 17.29 of the GEM Listing Rules or pursuant to the Share Offer.

Undertaking by our Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, our Controlling Shareholders have, jointly and severally, undertaken to the Stock Exchange and our Company that, save as permitted under the GEM Listing Rules:

(a) in the period commencing on the date by reference to which disclosure of their shareholding is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-month Period**"), they shall not dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interests, or encumbrances in respect of, any of our Shares in respect of which they are shown in this prospectus to be the beneficial owner; and

(b) in the period of six months commencing on the date which the First Six-month Period expires (the "**Second Six-month Period**"), they shall not dispose of, nor enter into any agreement to dispose of, or otherwise created any options, rights, interests or encumbrances in respect of, any of the Shares, if immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would then cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company.

Pursuant to Rule 13.19 of the GEM Listing Rules, each of our Controlling Shareholders has jointly and severally undertaken to the Stock Exchange and to our Company that within the period commencing on the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he or it will:

(i) when he or it pledges or charges any Shares beneficially owned by him/it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) (the "**Banking Ordinance**") pursuant to Rule 13.18(1) of the GEM Listing Rules, or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, inform our Company immediately thereafter, disclosing the details specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and

(ii) having pledged or charged any interest in the Shares under paragraph (i) above, inform our Company immediately in the event that he or it becomes aware that the pledgee or charge has disposed of or intends to dispose of such interest and of the number of Shares affected.

Our Company will also inform the Stock Exchange as soon as we have been informed of any of the above matters (if any) by our Controlling Shareholders and disclose such matters by way of an announcement to be published in accordance with the publication requirements under of the GEM Listing Rules as soon as possible after being so informed by our Controlling Shareholders.

UNDERTAKINGS PURSUANT TO THE PUBLIC OFFER UNDERWRITING AGREEMENT

Undertaking by our Company

We have undertaken to the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Public Offer Underwriter pursuant to the Public Offer Underwriting Agreement that, except pursuant to the Share Offer or grant of options or issue of our

Shares upon exercise of such options pursuant to the Share Option Scheme, we will not without the prior written consent of the Joint Lead Managers and the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriter) and unless in compliance with the requirements of the GEM Listing Rules, at any time during the First Six-month Period, offer, allot, issue or sell, or agree to allot, issue or sell, grant or agree to grant any option, right, warrant or other rights to subscribe for any Shares or other securities of our Company over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company or any of its subsidiaries), either directly or indirectly, conditionally or unconditionally, any Shares or any securities convertible into or exchangeable for such Shares or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares or such securities, whether any of the foregoing transactions is to be settled by delivery of Shares or such securities, in cash or otherwise or announce any intention to effect any such transaction, and we further agree that, during the Second Six-month Period, we will not carry out any of the above transactions the completion of which would result in any of our Controlling Shareholders ceasing to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company.

Undertaking by our Controlling Shareholders

Each of our Controlling Shareholders has respectively undertaken to the Sole Sponsor, the Joint Bookrunners, the Public Offer Underwriter and our Company that:

(a) during the First Six-month Period, he/she/it shall not, and shall procure that the relevant registered holder(s) and his/her/its close associates and companies controlled by him/her/it and any nominee or trustee holding in trust for himself/herself/itself shall not, without the prior written consent of the Joint Lead Managers and the Joint Bookrunners or otherwise in compliance with the requirements of the GEM Listing Rules:

    (i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Shares or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any such Shares or such securities; or

    (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Shares, whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities, in cash or otherwise; or

    (iii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (i) or (ii) above; or

(iv) announce any intention to enter into or effect any of the transactions referred to in paragraphs (i), (ii) or (iii) above except in the event of any of our Controlling Shareholders using securities of our Company beneficially owned by him/it as security (including a charge or pledge) in favour of any authorised institution (as defined in the Banking Ordinance of the laws of Hong Kong) for a bona fide commercial loan or such other circumstances as permitted under the GEM Listing Rules;

(b) he/she/it shall not, and shall procure that the relevant registered holder(s) and his/her/its close associates or companies controlled by him/her/it and any nominee or trustee holding in trust for himself/herself/itself shall not, without the prior written consent of the Stock Exchange during the Second Six-month Period commencing on the expiry of the First Six-month Period set out in paragraph (i) above, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Shares held by him/her/it or any of his/her/its close associates or companies controlled by him/her/it or any nominee or trustee holding in trust for himself/herself/itself if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be controlling shareholder (as defined in the GEM Listing Rules) of our Company or the aggregate interest of all members of our Controlling Shareholders would be less than 30% of our Company's issued share capital except in the event of any of our Controlling Shareholders using securities of our Company beneficially owned by him/her/it as security (including a charge or pledge) in favour of any authorised institution (as defined in the Banking Ordinance of the laws of Hong Kong) for a bona fide commercial loan or such other circumstances as permitted under the GEM Listing Rules; and

(c) in the event of a disposal of any Shares or securities of our Company or any interest therein within the Second Six-month Period, he/she/it shall take all reasonable steps to ensure that such a disposal shall not create a disorderly or false market for any Shares or other securities of our Company.

Each of our Controlling Shareholders undertakes to the Sole Sponsor, the Joint Bookrunners, the Public Offer Underwriter and our Company that within the First Six-month Period and the Second Six-month Period, he or she or it shall:

(a) if and when he or she or it pledges or charges, directly or indirectly, any Shares or other securities of our Company beneficially owned by him or she or it (or any beneficial interest therein), immediately inform our Company, the Joint Lead Managers and the Joint Bookrunners in writing of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and

(b) if and when he or she or it receives indications, either verbal or written, from any pledgee or chargee that any Shares or other securities in our Company (or any beneficial interest therein) pledged or charged by him or her or it will be disposed of, immediately inform our Company, the Joint Lead Managers and the Joint Bookrunners in writing of such indications.

Our Company will notify the Stock Exchange as soon as our Company has been informed of such event and shall make a public disclosure by way of announcement in accordance with the GEM Listing Rules.

The Placing

Placing Underwriting Agreement

In connection with the Placing, our Controlling Shareholders, executive Directors and our Company expect to enter into the Placing Underwriting Agreement with the Joint Lead Managers and the Placing Underwriters, on the terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to severally, but not jointly, agree to procure subscribers to subscribe for, or failing which they shall subscribe for, 180,000,000 Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and our Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed "Undertakings pursuant to the Public Offer Underwriting Agreement" above.

Voluntary lock-up undertakings by our Controlling Shareholders

In addition to the undertakings pursuant to Rule 13.16A of the GEM Listing Rules, our Controlling Shareholders have voluntarily undertaken to the Company for a further 12 months commencing on the date on which the twelve-month lock-up period under Rule 13.16A of the GEM Listing Rules expires, not to dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/it is or they are shown by this prospectus to be the beneficial owner(s) if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a Controlling Shareholder. This undertaking can only be waived by majority of the independent Shareholders.

Total commission, fee and expenses

In connection with the Share Offer, the Joint Lead Managers and the Underwriters will receive an underwriting commission of 3.5% of the aggregate Offer Price of all the Offer Shares, out of which they will pay any sub-underwriting commissions and selling concessions. For unsubscribed Public Offer Shares reallocated to the Placing, an underwriting commission at the rate applicable to the Placing will be paid to the relevant

Placing Underwriters (but not the Public Offer Underwriter). Underwriting commission will be payable by our Company for the number of Offer Shares offered for subscription in the Share Offer.

In connection with the Listing, the Sole Sponsor will receive a sponsorship and documentation fees.

In connection with the Listing and the Share Offer, the total expenses (including underwriting commission, brokerage, the Stock Exchange trading fee, the SFC transaction levy, the sponsorship and documentation fee, the listing fee, legal and other professional fees, printing cost and other expenses relating to the Share Offer) are estimated to be approximately HK$17,525,000 (assuming that the underwriting commission is calculated with reference to the mid-point of the indicative Offer Price range of HK$0.26 to HK$0.32 per Offer Share) which will be solely borne by our Company.

Our Company and our Controlling Shareholders have agreed to indemnify the Joint Lead Managers and the Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Underwriting Agreements, and any breach by our Company or our Controlling Shareholders of the Underwriting Agreements.

Independence of the Sole Sponsor

Save for (i) the Sole Sponsor has been appointed as the compliance adviser of the Company with effect from the Listing Date until the despatch of the audited consolidated financial results for the second full financial year after the Listing Date, and our Company will pay to the Sole Sponsor an agreed fee for its provision of services as required under the GEM Listing Rules; and (ii) the interests and obligations under the Underwriting Agreements and the advisory fee payable to the Sole Sponsor in respect of the Share Offer, none of the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers or the Underwriters is interested beneficially or non-beneficially in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group, no director or employee of the Sole Sponsor who is involved in providing advice to the Company has or, as a result of the Listing and/or the Share Offer, may have any interest in any class of securities of the Company or any other members of the Group (including options or rights to subscribe for such securities). No director or employee of the Sole Sponsor has any directorship in the Company or any other members of the Group. The Sole Sponsor satisfies the independence criteria applicable to sponsors set forth in Rule 6A.07 of the GEM Listing Rules.

Following the completion of the Share Offer, the Underwriter and their respective affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Underwriting Agreements.

Save for their interests and obligations under the Underwriting Agreements, the sponsorship and documentation fee payable to the Sole Sponsor in connection with the Listing, and the fee payable to the Sole Sponsor for its acting as our compliance adviser,

none of the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriter is interested, beneficially or otherwise, in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

Sole Sponsor's, Joint Lead Managers' and Underwriters' interests in our Company

Save for their interests and obligations under the Underwriting Agreements and the advisory and documentation fee payable to the Sole Sponsor in respect of the Share Offer, pursuant to the requirements under Rule 6A.07 of the GEM Listing Rules, none of the Sole Sponsor, the Joint Lead Managers and the Underwriters or any of their close associates is interested beneficially or non-beneficially in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group. None of the directors and employees of the Sole Sponsor, the Joint Lead Managers and the Underwriters has any directorship in our Company or any other companies comprising our Group.

THE SHARE OFFER

The Share Offer comprises the Placing and the Public Offer. A total of initially 200,000,000 Offer Shares will be made available under the Share Offer, of which 180,000,000 Placing Shares (subject to reallocation), representing 90% of the Offer Shares, will initially be conditionally placed with selected professional, institutional and private investors under the Placing. The remaining 20,000,000 Public Offer Shares (subject to reallocation), representing 10% of the Offer Shares, will initially be offered to members of the public in Hong Kong under the Public Offer. The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. The Public Offer Underwriter has agreed to underwrite the Public Offer Shares under the terms of the Public Offer Underwriting Agreement. The Placing Underwriters will underwrite the Placing Shares pursuant to the terms of the Placing Underwriting Agreement. Further details of the underwriting are set out in the section headed "Underwriting" of this prospectus. Investors may apply for Offer Shares under the Public Offer or indicate an interest for Offer Shares under the Placing, but may not do both.

The Placing

Our Company is expected to offer initially 180,000,000 Shares (subject to reallocation) at the Offer Price under the Placing. The number of Placing Shares expected to be initially available for application under the Placing represents 90% of the total number of Offer Shares being initially offered under the Share Offer. The Placing is expected to be fully underwritten by the Placing Underwriters subject to the Offer Price being agreed on or before the Price Determination Date.

It is expected that the Placing Underwriters or selling agents nominated by them, on behalf of our Company, will conditionally place the Placing Shares at the Offer Price with selected professional, institutional and private investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Private investors applying through banks or other institutions who sought the Placing Shares in the Placing may also be allocated the Placing Shares.

Allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to acquire further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and the Shareholders as a whole. Investors to whom Placing Shares are offered will be required to undertake not to apply for Shares under the Public Offer.

Our Company, our Directors, the Sole Sponsor and Joint Lead Managers are required to take reasonable steps to identify and reject applications under the Public Offer from investors who receive Shares under the Placing, and to identify and reject indications of interest in the Placing from investors who receive Shares under the Public Offer.

The Placing is expected to be subject to the conditions as stated in the paragraph headed "Conditions of Share Offer" of this section.

The Public Offer

Our Company is initially offering 20,000,000 Public Offer Shares for subscription (subject to reallocation) by members of the public in Hong Kong under the Public Offer, representing 10% of the total number of Offer Shares offered under the Share Offer. The Public Offer is fully underwritten by the Public Offer Underwriter subject to the Offer Price being agreed on or before the Price Determination Date. Applicants for the Public Offer Shares are required on application to pay the maximum Offer Price of HK$0.32 per Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy.

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investor. An applicant for Public Offer Shares under the Public Offer will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it has not applied for nor taken up any Shares under the Placing nor otherwise participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by an applicant is breached and/or is untrue (as the case may be), such applicant's application under the Public Offer is liable to be rejected. Multiple applications or suspected multiple applications and any application made for more than 100% of the Shares initially comprised in the Public Offer (i.e. 20,000,000 Public Offer Shares) are liable to be rejected.

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. When there is over-subscription under the Public Offer, allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

RE-ALLOCATION OF THE OFFER SHARES BETWEEN PLACING AND PUBLIC OFFER

The allocation of the Offer Shares between the Placing and the Public Offer is subject to reallocation on the following basis:

a. if the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the total number of Shares available for subscription under the Public Offer will be increased to 60,000,000 Shares, representing 30% of the number of the Offer Shares initially available for subscription under the Share Offer;

b. if the number of Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public

Offer from the Placing, so that the number of Shares available for subscription under the Public Offer will be increased to 80,000,000 Shares, representing 40% of the number of the Offer Shares initially available for subscription under the Share Offer; and

c. if the number of Shares validly applied for under the Public Offer represents 100 times or more the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the number of Shares available for subscription under the Public Offer will be increased to 100,000,000 Shares, representing 50% of the number of the Offer Shares initially available for subscription under the Share Offer.

In each case, the additional Offer Shares reallocated to the Public Offer and the number of Offer Shares allocated to the Placing will be correspondingly reduced in such manner as the Joint Lead Managers deems appropriate. The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of Joint Lead Managers.

OFFER PRICE

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on or before the Price Determination Date, when the market demand for the Offer Shares will be ascertained. The Price Determination Date is currently expected to be on or before Thursday, 6 April 2017.

Prospective investors should be aware that the Offer Price to be determined on or before the Price Determination Date may be, but not expected to be, lowered than the indicative Offer Price range as stated in this prospectus. The Offer Price will not be more than HK$0.32 per Offer Share and is expected to be not less than HK$0.26 per Offer Share. The Offer Price will fall within the Offer Price range as stated in this prospectus unless otherwise announced, not later than the morning of the last day for lodging applications under the Public Offer.

The Joint Lead Managers may, where they consider appropriate, based on the level of interest expressed by prospective professional, institutional and private investors during a book-building process, and with the consent of our Company, reduce the number of the Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day lodging applications under the Public Offer, cause there to be published on the Stock Exchange's website at *www.hkexnews.hk* and our Company's website at *www.dic.hk* notices of reduction in the number of the Offer Shares and/or the indicative Offer Price range. Upon issue of such a notice, the revised number of the Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon with our Company, will be fixed within such revised number of the Offer Shares and/or Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Share

Offer statistics as currently set out in the section headed "Summary" of this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any notice being published on the Stock Exchange's website at *www.hkexnews.hk* and our Company's website at *www.dic.hk* of a reduction in the number of the Offer Shares and/or the indicative Offer Price range as stated in this prospectus on or before the morning of the last day for lodging applications under the Public Offer, the Offer Price, if agreed upon by our Company and the Joint Lead Managers, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Lead Managers, the Share Offer will not proceed and will lapse.

ANNOUNCEMENT OF THE OFFER PRICE AND BASIS OF ALLOCATIONS

Announcement of the final Offer Price, the level of indication of interest in the Placing, the results of applications and the level and the basis of allocation of the Public Offer Shares is expected to be published on our Company's website at **www.dic.hk** and the website of the Stock Exchange at **www.hkexnews.hk**.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK$0.32 per Offer Share and is expected to be not less than HK$0.26 per Offer Share. Applicants under the Public Offer should pay, on application, the maximum Offer Price of HK$0.32 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy, amounting to a total of HK$3,232.25 per board lot of 10,000 Offer Shares.

If the Offer Price, as finally determined in the manner described above, is lower than the maximum Offer Price of HK$0.32 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest. Further details are set out in the section headed "How to apply for the Public Offer Shares" of this prospectus.

CONDITIONS OF SHARE OFFER

The Share Offer will be conditional upon, among others:

(a) the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus;

(b) the Price Determination Agreement between our Company and the Joint Lead Managers being entered into on or before the Price Determination Date; and

(c) the obligations of the Joint Lead Managers and the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Joint Lead Managers and the Underwriters, and such obligations not having been terminated in accordance with the terms of the Underwriting Agreements,

in each case, on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the 30 days after the date of this prospectus.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If any of the above conditions has not fulfilled or (where applicable) waived by the Joint Lead Managers and the Underwriters on or before the day which is the 30 days after the date of this prospectus, the Share Offer shall lapse and the Stock Exchange will be notified immediately. Notice of lapse of the Share Offer will be published on the website of the Stock Exchange at *www.hkexnews.hk* and our website at *www.dic.hk* on the next business day after such lapse. The terms on which the application money will be returned to the applicants are set out in the section headed "How to apply for the Public Offer Shares – 13. Despatch/Collection of share certificates and refund monies" of this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on Wednesday, 12 April 2017. The Shares will be traded in board lot of 10,000 Shares each. The stock code of the Shares is 8455.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangements as such arrangements will affect their rights and interests.

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Lead Managers, and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Joint Lead Managers may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four for the Public Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;

- a connected person (as defined in the GEM Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Share Offer;
- an associate (as defined in the GEM Listing Rules) of any of the above;
- have been allocated or have applied for or indicated an interest in any Placing Shares under the Placing or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 31 March 2017 to 12:00 noon on Thursday, 6 April 2017 from:

(i) the following office of the Public Offer Underwriter:

Name	Address
Frontpage Capital Limited	26th Floor, Siu On Centre 188 Lockhart Road Wan Chai Hong Kong

(ii) any of the following branches of DBS Bank (Hong Kong) Limited:

District	Branch	Address
Hong Kong Island	United Centre Branch	Shops 1015-1018, 1/F & Shops 2032-2034, 2/F, United Centre, 95 Queensway, Admiralty, Hong Kong
	Happy Valley Branch	G/F, 18A-22 King Kwong Street, Happy Valley, Hong Kong
Kowloon	Yaumatei Branch	G/F & 1/F, 131-137 Woo Sung Street, Yau Ma Tei, Kowloon, Hong Kong
	Amoy Plaza Branch	Shops G193-195, Amoy Plaza, 77 Ngau Tau Kok Road, Ngau Tau Kok, Kowloon, Hong Kong
New Territories	Ma On Shan Branch	Shops 205-206, Level 2, Ma On Shan Plaza, Ma On Shan, New Territories, Hong Kong

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 31 March 2017 until 12:00 noon on Thursday, 6 April 2017 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Ting Hong Nominees Limited – LAI GROUP Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Friday, 31 March 2017	**–**	**9:00 a.m. to 5:00 p.m.**
Saturday, 1 April 2017	**–**	**9:00 a.m. to 1:00 p.m.**
Monday, 3 April 2017	**–**	**9:00 a.m. to 5:00 p.m.**
Wednesday, 5 April 2017	**–**	**9:00 a.m. to 5:00 p.m.**
Thursday, 6 April 2017	**–**	**9:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 6 April 2017, the last application day or such later time as described in the paragraph headed "9. Effect of bad weather on the opening of the applications lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form, among other things, (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person of whom you act:

(i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Lead Managers (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Law, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and the Memorandum and Articles of Association of our Company;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;

(vi) agree that none of our Company, the Sole Sponsor, the Joint Lead Managers, the Underwriter, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;

(viii) agree to disclose to our Company, the Sole Sponsor, the Hong Kong Branch Share Registrar, the receiving bank, the Joint Lead Managers, the Underwriter and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Joint Lead Managers and the Underwriter nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company, the Sole Sponsor and the Joint Lead Managers, any of their respective directors, offices or representatives or any other person or parties involved in the Share Offer will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square,
8 Connaught Place,
Central,
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Lead Managers and our Hong Kong Branch Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Public Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

- confirm that you understand that our Company, the Sole Sponsor and the Joint Lead Managers, and any of their respective directors, officers or representatives or any other person or parties involved in the Share Offer will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of our Company, the Sole Sponsor, the Joint Lead Managers, the Underwriter, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in

the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, the Sole Sponsor, our Hong Kong Branch Share Registrar, the receiving bank, the Joint Lead Managers, the Underwriter and/or their respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Law, the

Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and the Memorandum and Articles of Association of our Company; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 10,000 Public Offer Shares. Instructions for more than 10,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, 31 March 2017	**–**	**9:00 a.m. to 8:30 p.m.(1)**
Saturday, 1 April 2017	**–**	**8:00 a.m. to 1:00 p.m.(1)**
Monday, 3 April 2017	**–**	**8:00 a.m. to 8:30 p.m.(1)**
Wednesday, 5 April 2017	**–**	**8:00 a.m. to 8:30 p.m.(1)**
Thursday, 6 April 2017	**–**	**8:00 a.m.(1) to 12:00 noon**

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Friday, 31 March 2017 until 12:00 noon on Thursday, 6 April 2017.

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 6 April 2017, the last application day or such later time as described in the paragraph headed "9. Effect of bad weather on the opening of the application lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Joint Lead Managers, the Underwriter and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

6. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Joint Lead Managers and the Underwriter take no responsibility for such applications and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, 6 April 2017.

7. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and

- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

8. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for the Public Offer Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form in respect of a minimum of 10,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 10,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure and conditions of the Share Offer – Offer Price" of this prospectus.

9. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 6 April 2017.

Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, 6 April 2017 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected timetable" of this prospectus, an announcement will be made in such event.

10. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the results of applications and the level and the basis of allocation of the Public Offer Shares on Tuesday, 11 April 2017 on our Company's website at **www.dic.hk** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.dic.hk** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 a.m. on Tuesday, 11 April 2017;

- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Tuesday, 11 April 2017 to 12:00 midnight on Monday, 17 April 2017;

- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Tuesday, 11 April 2017 to Tuesday, 18 April 2017 (excluding Saturday, Sunday and Public Holidays);

- in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, 11 April 2017 to Thursday, 13 April 2017 at the designated receiving bank branches and sub-branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed "Structure and conditions of the Share Offer" of this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

Our Company, the Joint Lead Managers, and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Division of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Division of the Stock Exchange notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Lead Managers believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 100% of the Public Offer Shares initially offered under the Public Offer.

12. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$0.32 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with "Structure and conditions of the Share Offer – Conditions of the Share Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Tuesday, 11 April 2017.

13. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

  Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or about Tuesday, 11 April 2017. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Wednesday, 12 April 2017 provided that the Share Offer has become unconditional and the right of termination described in the section headed "Underwriting" of this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 11 April 2017 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Tuesday, 11 April 2017, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above for collection of refund cheque(s). If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Tuesday, 11 April 2017, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Tuesday, 11 April 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

  For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

  Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 11 April 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply via Electronic Application Instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Tuesday, 11 April 2017, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the sub-paragraph headed "Publication of results" above in this section on Tuesday, 11 April 2017.

You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 11 April 2017 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, 11 April 2017. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, 11 April 2017.

14. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report received from our Company's reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

31 March 2017

The Directors
Lai Group Holding Company Limited
Frontpage Capital Limited

Dear Sirs,

We set out below our report on the financial information (the "**Financial Information**") regarding Lai Group Holding Company Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the years ended 31 March 2015 and 2016 and for the eight months ended 30 November 2016 (the "**Track Record Period**"), for inclusion in the prospectus of the Company dated 31 March 2017 (the "**Prospectus**") in connection with the proposed listing of the Company's shares on the Growth Enterprise Market (the "**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company, which acts as an investment holding company, was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 17 February 2016. Through a corporate reorganisation as more fully explained in the paragraph headed "History, Development and Reorganisation – Reorganisation" to the Prospectus (the "**Reorganisation**"), the Company became the holding company of the companies now comprising the Group on 24 March 2017.

As at the date of this report, the Company has the following subsidiaries, all of which are private limited liability companies, particulars of which are set out as below:

Name of subsidiary	Date and place of incorporation/ operations	Issued and fully paid up share capital	Proportion ownership interest held by the Company	Principal activities
Kingsky Group Limited ("**Kingsky**")	12 October 2015, the Republic of Seychelles (the "**Seychelles**")	US$100	100% (direct)	Investment holding
Fame Protector Limited ("**Fame Protector**")	4 January 2016, the Seychelles	US$100	100% (indirect)	Investment holding
Globe Sense Limited ("**Globe Sense**")	23 May 1996, Hong Kong	HK$1,000	100% (indirect)	Provision of interior design and fit-out services
Smart Will Engineering Limited ("**Smart Will**")	10 December 2003, Hong Kong	HK$100,000	100% (indirect)	Provision of interior design and fit-out services
Best Famous Engineering Limited ("**Best Famous**")	8 January 2008, Hong Kong	HK$100	100% (indirect)	Provision of interior design and fit-out services
New Base Enterprises Limited ("**New Base**")	5 August 2014, Hong Kong	HK$100	75% (indirect)	Provision of interior design and fit-out services

All companies now comprising the Group have adopted 31 March as their financial year end date.

No audited statutory financial statements have been prepared for the Company since its date of incorporation as it was incorporated in a country where there is no statutory audit requirement and the Company has not carried on any business other than those transactions relating to the Reorganisation.

No audited statutory financial statements have been prepared for Kingsky and Fame Protector since their respective dates of incorporation as they were incorporated in a country where there is no statutory audit requirement.

The statutory financial statements of Globe Sense for the years ended 31 March 2015 and 2016, which were prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), were audited by Vince Liu & Co. Certified Public Accountants (Practising) Hong Kong and by us respectively.

The statutory financial statements of Smart Will and Best Famous for the years ended 31 March 2015 and 2016, and of New Base for the period from 5 August 2014 (date of incorporation) to 31 March 2015 and for the year ended 31 March 2016 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by us.

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Group for the Track Record Period (the "**Underlying Financial Statements**") in accordance with HKFRSs issued by the HKICPA.

We have undertaken an independent audit on the Underlying Financial Statements for the Track Record Period in accordance with Hong Kong Standards on Auditing issued by the HKICPA. We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of the Group for the Track Record Period set out in this report has been prepared from the Underlying Financial Statements on the basis set out in Note 1 of Section II below, and no adjustments to the Underlying Financial Statements are considered necessary in the preparation of this report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of the Company who approved their issue. The directors of the Company are responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in Note 1 of Section II below, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of the Group as at 31 March 2015 and 2016 and 30 November 2016 and of the Company as at 31 March 2016 and 30 November 2016, and of the combined financial performance and combined cash flows of the Group for the Track Record Period.

The comparative combined statement of profit or loss and other comprehensive income, combined statement of cash flows and combined statement of changes in equity of the Group for the eight months ended 30 November 2015 together with the notes thereon have been extracted from the Group's unaudited combined financial information for the same period (the "**November 2015 Financial Information**"), which was prepared by the directors of the Company solely for the purpose of this report. We have reviewed the November 2015 Financial Information in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review of the November 2015 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the November 2015 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the November 2015 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with the HKFRSs.

I FINANCIAL INFORMATION OF THE GROUP

The following is the Financial Information of the Group as at 31 March 2015 and 2016 and 30 November 2016 and for each of the years ended 31 March 2015 and 2016 and the eight months ended 30 November 2016, presented on the basis set out in Note 1 of Section II below:

Combined statements of profit or loss and other comprehensive income

	Note	Year ended 31 March 2015 HK$'000	Year ended 31 March 2016 HK$'000	Eight months ended 30 November 2015 HK$'000 (Unaudited)	Eight months ended 30 November 2016 HK$'000
Revenue	5	101,878	118,348	78,094	90,296
Direct costs	6	(70,939)	(83,206)	(54,228)	(64,734)
Gross profit		30,939	35,142	23,866	25,562
Other income and gain	5	–	21	20	5
Administrative and other operating expenses	6	(16,862)	(23,538)	(13,947)	(18,010)
Operating profit		14,077	11,625	9,939	7,557
Finance costs	9	(25)	(50)	(29)	(29)
Profit before income tax		14,052	11,575	9,910	7,528
Income tax expense	10	(2,108)	(2,383)	(1,698)	(1,743)
Profit and total comprehensive income for the year/period		11,944	9,192	8,212	5,785
Profit and total comprehensive income/(expense) for the year/period attributable to:					
Owners of the Company		11,968	8,987	8,077	5,134
Non-controlling interests		(24)	205	135	651
		11,944	9,192	8,212	5,785
Basic and diluted earnings per share	11	HK 1.99 cents	HK 1.50 cents	HK 1.35 cents	HK 0.86 cents

Details of dividends are disclosed in Note 12 to the Financial Information.

Combined statements of financial position

	Note	As at 31 March 2015 HK$'000	As at 31 March 2016 HK$'000	As at 30 November 2016 HK$'000
ASSETS				
Non-current assets				
Property, plant and equipment	*13*	1,108	1,959	12,572
Deferred tax assets	*25*	102	143	140
		1,210	2,102	12,712
Current assets				
Gross amounts due from customers for contract work	*15*	–	154	642
Trade and other receivables	*16*	2,205	1,938	3,342
Amount due from a director	*17*	16,724	29,810	4,385
Amounts due from related companies	*18*	7,281	–	–
Cash and bank balances	*19*	6,402	2,449	18,854
		32,612	34,351	27,223
Total assets		33,822	36,453	39,935
EQUITY				
Capital and reserves				
Combined capital	*20*	101	101	1
Reserves	*26*	7,934	16,921	6,155
Equity attributable to:				
Owners of the Company		8,035	17,022	6,156
Non-controlling interests		(24)	181	832
Total equity		8,011	17,203	6,988
LIABILITIES				
Current liabilities				
Gross amounts due to customers for contract work	*15*	15,582	9,308	16,222
Trade and other payables	*21*	7,497	7,403	13,261
Amount due to a related company	*22*	–	4	8
Provision for warranties	*23*	244	716	649
Finance lease liabilities	*24*	141	308	318
Current income tax liabilities		1,924	706	1,870
		25,388	18,445	32,328

	Note	As at 31 March 2015 HK$'000	As at 31 March 2016 HK$'000	As at 30 November 2016 HK$'000
Non-current liabilities				
Finance lease liabilities	*24*	414	744	537
Deferred tax liabilities	*25*	9	61	82
		423	805	619
Total liabilities		25,811	19,250	32,947
Total equity and liabilities		33,822	36,453	39,935
Net current assets/(liabilities)		7,224	15,906	(5,105)
Total assets less current liabilities		8,434	18,008	7,607

Statement of financial position of the Company

	Note	As at 31 March 2016 HK$'000	As at 30 November 2016 HK$'000
Current assets			
Prepayment		–	134
Cash and bank balance		–	50
Total assets		–	184
Current liabilities			
Accrual		–	70
Amount due to a subsidiary		35	564
Total liabilities		35	634
EQUITY			
Capital and reserves			
Share capital		–	–
Accumulated losses	*26*	(35)	(450)
Total equity		(35)	(450)
Total equity and liabilities		–	184
Net current liabilities		(35)	(450)
Total assets less current liabilities		(35)	(450)

Combined statements of changes in equity

	Attributable to owners of the Company					
	Combined capital *HK$'000* *(Note 20)*	**Other reserve** *HK$'000* *(Note 26)*	**(Accumulated losses)/ Retained earnings** *HK$'000*	**Sub-total** *HK$'000*	**Attributable to non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
Balance as at 1 April 2014	101	–	(4,034)	(3,933)	–	(3,933)
Profit and total comprehensive income for the year	–	–	11,968	11,968	(24)	11,944
Balance as at 31 March 2015	101	–	7,934	8,035	(24)	8,011
Balance as at 1 April 2015	101	–	7,934	8,035	(24)	8,011
Profit and total comprehensive income for the year	–	–	8,987	8,987	205	9,192
Balance as at 31 March 2016	101	–	16,921	17,022	181	17,203
Balance as at 1 April 2016	101	–	16,921	17,022	181	17,203
Reorganisation *(Note 26)*	(100)	100	–	–	–	–
Profit and total comprehensive income for the period	–	–	5,134	5,134	651	5,785
Dividends *(Note 12)*	–	–	(16,000)	(16,000)	–	(16,000)
Balance as at 30 November 2016	1	100	6,055	6,156	832	6,988
(Unaudited)						
Balance as at 1 April 2015	101	–	7,934	8,035	(24)	8,011
Profit and total comprehensive income for the period	–	–	8,077	8,077	135	8,212
Balance as at 30 November 2015	101	–	16,011	16,112	111	16,223

Combined statements of cash flows

	Note	Year ended 31 March 2015 HK$'000	Year ended 31 March 2016 HK$'000	Eight months ended 30 November 2015 HK$'000 (Unaudited)	Eight months ended 30 November 2016 HK$'000
Cash flows from operating activities					
Profit before income tax		14,052	11,575	9,910	7,528
Adjustments for:					
Depreciation		594	460	352	577
Impairment loss recognised on trade receivables		47	–	–	–
Interest expense		25	50	29	29
Loss/(gain) on disposal of property, plant and equipment		32	(20)	(20)	(5)
Provision for warranties		558	947	615	308
Reversal of unutilised warranties		–	–	–	(1)
Written off of amount due from a related company		233	–	–	–
Interest income		–	(1)	–	–
Operating profit before working capital changes		15,541	13,011	10,886	8,436
(Increase)/decrease in gross amounts due from customers for contract work		–	(154)	8,122	(488)
Decrease/(increase) in trade and other receivables		2,586	267	(197)	(1,404)
Increase in amount due from a director		(16,620)	(13,086)	(6,154)	(175)
(Increase)/decrease in amounts due from related companies		(3,992)	7,281	53	–
Increase/(decrease) in gross amounts due to customers for contract work		8,526	(6,274)	(15,582)	6,914
(Decrease)/increase in trade and other payables		(2,818)	(94)	2,413	5,858
Increase in amount due to a related company		–	4	–	4
Decrease in provision for warranties		(314)	(475)	(398)	(374)
Cash generated from/(used in) operations		2,909	480	(857)	18,771
Tax paid		(277)	(3,590)	–	(555)
Net cash generated from/(used in) operating activities		2,632	(3,110)	(857)	18,216

	Note	Year ended 31 March 2015 HK$'000	Year ended 31 March 2016 HK$'000	Eight months ended 30 November 2015 HK$'000 (Unaudited)	Eight months ended 30 November 2016 HK$'000
Cash flows from investing activities					
Interest received		–	1	–	–
Purchases of property, plant and equipment		(410)	(584)	(499)	(1,595)
Proceeds from disposal of property, plant and equipment		99	20	20	10
Net cash used in investing activities		(311)	(563)	(479)	(1,585)
Cash flows from financing activities					
Interest paid		(25)	(50)	(29)	(29)
Repayment of finance lease liabilities		(81)	(230)	(154)	(197)
Repayment of bank borrowings, secured		(629)	–	–	–
Net cash used in financing activities		(735)	(280)	(183)	(226)
Net increase/(decrease) in cash and cash equivalents		1,586	(3,953)	(1,519)	16,405
Cash and cash equivalents at beginning of year/period		4,816	6,402	6,402	2,449
Cash and cash equivalents at end of year/period	*19*	6,402	2,449	4,883	18,854

II NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION AND BASIS OF PRESENTATION OF THE FINANCIAL INFORMATION

The Company was incorporated in the Cayman Islands on 17 February 2016 as an exempted company with limited liability. Its parent and ultimate holding company is Chun Wah Limited ("Chun Wah"), a company incorporated in the Seychelles and owned as to 100% by Mr. Chan Lai Sin ("Mr. Chan").

The addresses of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" to the Prospectus. The Company is an investment holding company. The principal activities of the Group are provision of interior design and fit-out services in Hong Kong.

Throughout the Track Record Period, the group entities were under the control of Mr. Chan. Through the Reorganisation as more fully explained in the paragraph headed "History, Development and Reorganisation – Reorganisation" to the Prospectus, the Company became the holding company of the companies now comprising the Group on 24 March 2017.

Accordingly, for the purpose of the preparation of the Financial Information of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the Track Record Period. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. Chan prior to and after the Reorganisation.

The Financial Information has been prepared as if the Company had been the holding company of the Group throughout the Track Record Period in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA. The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Track Record Period, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation where this is a shorter period. The combined statements of financial position as at the respective reporting dates have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates.

The Financial Information is presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of presentation

The principal accounting policies applied in the preparation of the Financial Information which are in accordance with the HKFRSs issued by the HKICPA are set out below. The Financial Information set out in this report has been prepared under the historical cost convention, except as otherwise stated in the accounting policies below.

The preparation of the Financial Information in accordance with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Company. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in Note 4 below.

As at 30 November 2016, the Group's current liabilities exceeded its current assets by approximately HK$5,105,000. The directors have prepared cash flow projections for the fourteen months ending 31 March 2018 and are of the opinion that, having taken into consideration of the Group's history of its ability to obtain external financing from financial institution, its anticipated cash inflows from operations in the

coming year, and its expected future working capital requirements, there are sufficient financial resources available to the Group at least in the coming twelve months to meet its liabilities as and when they fall due. On the above basis, the directors believe that the Group will continue as a going concern and consequently have prepared the Financial Information on a going concern basis.

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

The following new or revised standards, amendments and interpretations to existing standards have been published but are not yet effective for the Track Record Period and which the Group has not early adopted:

		Effective for accounting periods beginning on or after
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers and related Amendments	1 January 2018
HKFRS 16	Leases	1 January 2019
Amendments to HKAS 7	Disclosure Initiative	1 January 2017
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transaction	1 January 2018
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and it's Associate or Joint Venture	A date to be determined

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company are assessing the impact of HKFRS 9 but anticipate that the application of HKFRS 9 in the future will have no material impact on the Group's combined financial statements.

HKFRS 15 Revenue from contracts with customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. More prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company do not expect the adoption of HKFRS 15 would result in significant impact on the amounts reported on the Group's Financial Information. However, there will be additional qualitative and quantitative disclosures upon the adoption of HKFRS 15.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. It distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees. However, the standard does not significantly change the accounting of lessors.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of many of the Group's lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments to these Financial Information.

Total operating lease commitment of the Group as at 30 November 2016 amounted to approximately HK$2,800,000 *(Note 27)*. The management of the Group do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results but it is expected that certain portion of these lease commitments will be required to be recognised in the combined statements of financial position as right-of-use assets and lease liabilities.

Except for the above, the directors of the Company do not anticipate that the application of the new and revised HKFRSs listed above will have a material impact on the Financial Information.

(b) Consolidation and combination

The combined financial information includes the financial information of the Company and all its subsidiaries made up to respective year end dates during the Track Record Period.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Except for the Reorganisation, the Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the recognised amount of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Transaction with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Merger accounting for common control combinations

The Financial Information incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The combined statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

(f) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Information is presented in HK$, which is the Company's functional and presentation currency.

(g) Property, plant and equipment

The property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives or lease term, where applicable, as follows:

Building	Over lease term
Computer equipment	20%
Leasehold improvements	Over lease term or 20%
Furniture and fixtures	20%
Office equipment	20%
Motor vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the combined statement of profit or loss and other comprehensive income.

(h) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Leases

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

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

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

(j) Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "amount due from a director", "amounts due from related companies" and "cash and bank balances" in the combined statements of financial position.

(k) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors 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 where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss 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 been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(l) Gross amounts due from/ to customers for contract work

A construction contract is defined in HKAS 11 as a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

The Group presents as an asset the gross amounts due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers are included within "trade and other receivables".

The Group presents as a liability the gross amounts due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses). Amounts received before the related work is performed are included within "trade and other payables".

(m) Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(n) Cash and cash equivalents

In the combined statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

(o) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if the payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(p) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as 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 eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences, arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. However, the deferred tax liabilities are not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred taxation liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(r) Employee benefits

Retirement benefits

The Group operates defined contribution plans and pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(s) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amounts have been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligations. The increase in the provision due to passage of time is recognised as interest expense.

(t) Revenue recognition

Revenue comprises the fair value of the consideration received or receivables for the sale of services in the ordinary course of the Group's activities. Revenue is shown after eliminating sales within the Group.

Project for interior design and fit-out services income is recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the contract costs of the contracting work can be measured reliably. The stage of completion of a contract is established by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

Interest income is recognised on a time proportion basis using the effective interest method.

(u) 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 of 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 (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(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. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(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); and

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or the Company's parents.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

A transaction is considered to be a related party transactions where there is a transfer of resources or obligations between related parties.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities exposed it to a variety of financial risks: interest rate risk, credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Interest rate risk

Other than bank balances with variable interest rate, the Group has no other significant interest-bearing assets. Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

The Group does not expose to cash flow interest rate risk arising from its borrowings as the Group's finance lease liabilities are at fixed interest rates. The Group currently does not hedge its exposure to the interest rate risk as the management of the Group consider that the risk is insignificant.

(ii) Credit risk

Credit risk arises mainly from trade and other receivables, amount due from a director, amounts due from related companies and cash and bank balances. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting dates in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the combined statements of financial position.

The credit risk of bank balances is limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies.

In respect of trade and other receivables, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivable balances at the end of each reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

As at 31 March 2015 and 2016 and 30 November 2016, the Group has certain concentrations of credit risk as 51.3%, 86.8% and 16.1% respectively of the Group's current assets were the amount due from a director. Further quantitative data in respect of the Group's exposure to credit risk arising from amount due from a director are disclosed in Note 17.

(iii) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet their liquidity requirements in the short and long term. Management believes there is no significant liquidity risk as the Group has sufficient financial resources to fund their operations.

The following table details the remaining contractual maturities at the year-end/period-end dates during the Track Record 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 current rates at the year-end/period-end dates during the Track Record Period) and the earliest date the Group may be required to pay:

	On demand or within one year	**Between one and two years**	**Between two and five years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2015				
Trade and other payables excluding non-financial liabilities	6,855	–	–	6,855
Finance lease liabilities	162	162	278	602
	7,017	162	278	7,457
As at 31 March 2016				
Trade and other payables excluding non-financial liabilities	5,853	–	–	5,853
Amount due to a related company	4	–	–	4
Finance lease liabilities	350	350	436	1,136
	6,207	350	436	6,993
As at 30 November 2016				
Trade and other payables excluding non-financial liabilities	11,336	–	–	11,336
Amount due to a related company	8	–	–	8
Finance lease liabilities	350	307	254	911
	11,694	307	254	12,255

(b) Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, to support the Group's stability and growth; to earn a margin commensurate with the level of business and market risks in the Group's operations and to maintain an optimal capital structure to reduce the cost of capital.

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as the total interest-bearing liabilities divided by the total equity as at the end of each reporting period.

The gearing ratios during the Track Record Period are as follows:

	As at 31 March 2015	As at 31 March 2016	As at 30 November 2016
	HK$'000	*HK$'000*	*HK$'000*
Finance lease liabilities	555	1,052	855
Total equity	8,011	17,203	6,988
Gearing ratio	6.9%	6.1%	12.2%

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the Financial Information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of receivables

Management determines the provision for impairment of trade and other receivables. This estimate is based on the credit history of its customers and the current market condition. Management reassesses the provision at the end of each of the reporting period.

Significant judgement is exercised on the assessment of the collectability of receivables from each customer. In making the judgement, management considers a wide range of factors such as results of follow-up procedures, customer payment trends including subsequent payments and customers' financial positions. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(b) Construction contract

The Group recognises contract revenue and profit of a construction contract in relation to provision of interior design and fit-out services according to the management's estimation of the total outcome of the contract as well as the percentage of completion of construction works. Notwithstanding that the management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

5 REVENUE, OTHER INCOME AND GAIN AND SEGMENT INFORMATION

Revenue, other income and gain recognised during the Track Record Period are as follows:

	Year ended 31 March 2015	Year ended 31 March 2016	Eight months ended 30 November 2015	Eight months ended 30 November 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Revenue				
Residential interior design and fit-out services	89,798	104,644	69,590	77,993
Commercial interior design and fit-out services	12,080	13,048	8,069	11,103
Others	–	656	435	1,200
	101,878	118,348	78,094	90,296

	Year ended 31 March 2015	Year ended 31 March 2016	Eight months ended 30 November 2015	Eight months ended 30 November 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Other income and gain				
Gain on disposal of property, plant and equipment	–	20	20	5
Interest income	–	1	–	–
	–	21	20	5

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors regards the Group's business as a single operating segment. The information provided to the chief operating decision-maker is the same as those described in this Financial Information. Also, the Group only engages its business in Hong Kong. Therefore, no segment information is presented.

As no revenue derived from sales to a single customer of the Group has individually accounted for 10% of the Group's total revenue during the Track Record Period, no information about major customers is presented.

6 EXPENSES BY NATURE

	Year ended 31 March 2015	Year ended 31 March 2016	Eight months ended 30 November 2015	Eight months ended 30 November 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Direct costs				
Materials	22,145	23,864	17,024	13,920
Subcontracting charges	41,412	50,787	31,614	45,248
Staff costs *(Note 7)*	6,824	7,608	4,975	5,259
Warranty expenses *(Note 23)*	558	947	615	307
	70,939	83,206	54,228	64,734
Administrative and other operating expenses				
Advertising expenses	3,096	4,075	2,513	2,397
Auditors' remuneration	155	155	100	100
Bank charges	1,914	2,045	1,542	1,537
Building management fee	259	280	185	198
Depreciation of owned assets *(Note 13)*	484	238	213	363
Depreciation of assets under finance leases *(Note 13)*	110	222	139	214
Insurance	549	733	499	690
Legal and professional fee	183	314	142	788
Listing expenses	–	2,983	600	2,979
Loss on disposal of property, plant and equipment	32	–	–	–
Motor vehicles expenses	469	355	234	191
Operating lease rental on premises	2,344	2,917	1,910	1,779
Operating lease rental on office equipment	94	167	111	114
Provision for impairment loss of trade receivables *(Note 16)*	47	–	–	–
Provision for impairment loss of amount due from a related company	233	–	–	–
Staff costs, including directors' emoluments *(Note 7)*	5,235	7,254	4,604	5,467
Transportation expenses	402	431	307	304
Travelling	216	194	121	156
Other expenses	1,040	1,175	727	733
	16,862	23,538	13,947	18,010

7 EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 March 2015	Year ended 31 March 2016	Eight months ended 30 November 2015	Eight months ended 30 November 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Salaries and other benefits	11,583	14,251	9,184	10,272
Retirement scheme contributions	476	611	395	454
	12,059	14,862	9,579	10,726

The Group operates a defined contribution scheme in Hong Kong which comply with the requirements under the Mandatory Provident Fund ("MPF") Schemes Ordinance. All assets under the schemes are held separately from the Group under independently administered funds. Contributions to the MPF scheme follow the MPF Schemes Ordinance. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years. Effective from 1 June 2014, the cap of contribution amount has been changed from HK$1,250 to HK$1,500 per employee per month.

8 DIRECTORS' EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) Directors' emoluments

	Fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2015					
Executive directors					
Mr. Chan	–	1,560	–	18	1,578
Mr. Hung Lap Ka ("**Mr. Hung**")	–	312	–	13	325
Ms. So Hiu Bik ("**Ms. So**")	–	342	–	17	359
	–	2,214	–	48	2,262
Year ended 31 March 2016					
Executive directors					
Mr. Chan	–	1,560	–	18	1,578
Mr. Hung	–	285	–	14	299
Ms. So	–	403	–	18	421
	–	2,248	–	50	2,298
Eight months ended 30 November 2016					
Executive directors					
Mr. Chan	–	1,080	–	14	1,094
Mr. Hung	–	208	–	10	218
Ms. So	–	275	–	12	287
	–	1,563	–	36	1,599
(Unaudited) **Eight months ended 30 November 2015**					
Executive directors					
Mr. Chan	–	1,040	–	12	1,052
Mr. Hung	–	184	–	9	193
Ms. So	–	262	–	12	274
	–	1,486	–	33	1,519

Mr. Chan was appointed as director of the Company on 17 February 2016 and was re-designated as executive director of the Company on 6 May 2016. Mr. Hung and Ms. So were appointed as executive directors of the Company on 6 May 2016. They were also directors of certain subsidiaries of the Company and/or employees of the Group during the Track Record Period and the Group paid emoluments to them in their capacity as the directors of these subsidiaries and/or employees of the Group before their appointment as executive directors of the Company.

Mr. Kwan Ngai Kit, Ms. Lui Lai Chun and Mr. Wu Loong Cheong Paul were appointed as independent non-executive directors of the Company on 24 March 2017. During the Track Record Period, the aforesaid non-executive directors have not yet been appointed and received no directors' remuneration in their capacity as directors.

During the Track Record Period, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived or agreed to waive any emoluments during the Track Record Period.

(b) Five highest paid individuals

Of the five individuals with the highest emoluments, one of them is a director for the years ended 31 March 2015 and 2016 and the eight months ended 30 November 2015 and two of them are directors for the eight months ended 30 November 2016 whose emoluments are disclosed above. The emoluments in respect of the remaining individuals for the respective years/periods are as follows:

	Year ended 31 March 2015	**Year ended 31 March 2016**	**Eight months ended 30 November 2015**	**Eight months ended 30 November 2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Salaries and other benefits	1,804	1,774	1,225	983
Retirement scheme contributions	66	74	48	36
	1,870	1,848	1,273	1,019

The emoluments of each of the above non-directors, highest paid individuals were below HK$1,000,000. During the Track Record Period, no emoluments were paid by the Group to the above highest paid individuals as (i) an inducement to join or upon joining the Group or (ii) as compensation for loss of office as a director or management of any members of the Group.

9 FINANCE COSTS

	Year ended 31 March 2015	**Year ended 31 March 2016**	**Eight months ended 30 November 2015**	**Eight months ended 30 November 2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Interest on bank borrowing and bank overdraft	9	10	9	1
Interest on finance leases	16	40	20	28
	25	50	29	29

10 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong for the Track Record Period.

	Year ended 31 March 2015 *HK$'000*	Year ended 31 March 2016 *HK$'000*	Eight months ended 30 November 2015 *HK$'000* *(Unaudited)*	Eight months ended 30 November 2016 *HK$'000*
Current income tax – Hong Kong profits tax	2,201	2,372	1,705	1,719
Deferred income tax *(Note 25)*	(93)	11	(7)	24
Income tax expense	2,108	2,383	1,698	1,743

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	Year ended 31 March 2015 *HK$'000*	Year ended 31 March 2016 *HK$'000*	Eight months ended 30 November 2015 *HK$'000* *(Unaudited)*	Eight months ended 30 November 2016 *HK$'000*
Profit before income tax	14,052	11,575	9,910	7,528
Calculated at tax rate of 16.5%	2,319	1,910	1,635	1,242
Tax effects of:				
Income not subject to tax	–	(3)	(3)	(1)
Expenses not deductible for tax purposes	37	499	99	512
Utilisation of temporary differences previously not recognised	(268)	(18)	(18)	(17)
Tax losses for which no deferred income tax asset was recognised	40	15	5	47
Tax concession	(20)	(20)	(20)	(40)
Income tax expense	2,108	2,383	1,698	1,743

11 EARNINGS PER SHARE

For the purpose of this report, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the profit attributable to owners of the Company for the Track Record Period and (ii) the weighted average number of 600,000,000 shares in issue as if these 600,000,000 shares were outstanding throughout the Track Record Period.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the Track Record Period.

12 DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation.

On 5 April 2016, an interim dividend of HK$16,000,000 was declared to the then shareholders of Smart Will.

13 PROPERTY, PLANT AND EQUIPMENT

	Building	Computer equipment	Leasehold improvements	Furniture and fixtures	Office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* *(Note a)*	*HK$'000*
Cost							
As at 1 April 2014	–	1,622	2,352	234	478	1,188	5,874
Additions	–	349	–	3	21	396	769
Disposals	–	–	(1,523)	–	–	(252)	(1,775)
As at 31 March 2015	–	1,971	829	237	499	1,332	4,868
Accumulated depreciation							
As at 1 April 2014	–	1,398	2,124	234	459	595	4,810
Charge for the year *(Note 6)*	–	184	228	–	19	163	594
Disposals	–	–	(1,523)	–	–	(121)	(1,644)
As at 31 March 2015	–	1,582	829	234	478	637	3,760
Net book value							
As at 31 March 2015	–	389	–	3	21	695	1,108
Cost							
As at 1 April 2015	–	1,971	829	237	499	1,332	4,868
Additions	–	350	23	138	13	787	1,311
Disposals	–	–	–	–	–	(340)	(340)
As at 31 March 2016	–	2,321	852	375	512	1,779	5,839
Accumulated depreciation							
As at 1 April 2015	–	1,582	829	234	478	637	3,760
Charge for the year *(Note 6)*	–	165	4	28	7	256	460
Disposals	–	–	–	–	–	(340)	(340)
As at 31 March 2016	–	1,747	833	262	485	553	3,880
Net book value							
As at 31 March 2016	–	574	19	113	27	1,226	1,959
Cost							
As at 1 April 2016	–	2,321	852	375	512	1,779	5,839
Additions	10,320	28	474	253	77	43	11,195
Disposals	–	–	(347)	–	–	(50)	(397)
As at 30 November 2016	10,320	2,349	979	628	589	1,772	16,637
Accumulated depreciation							
As at 1 April 2016	–	1,747	833	262	485	553	3,880
Charge for the period *(Note 6)*	113	121	52	44	10	237	577
Disposals	–	–	(347)	–	–	(45)	(392)
As at 30 November 2016	113	1,868	538	306	495	745	4,065
Net book value							
As at 30 November 2016	10,207	481	441	322	94	1,027	12,572

Notes:

(a) Motor vehicles include the following amounts where the Group is a lessee under finance leases.

	As at 31 March 2015	As at 31 March 2016	As at 30 November 2016
	HK$'000	*HK$'000*	*HK$'000*
Cost – capitalised finance leases	819	1,606	1,606
Accumulated depreciation	(194)	(416)	(630)
Net book value	625	1,190	976

The Group leases various motor vehicles under non-cancellable finance lease agreements. The lease terms are ranging from 4 to 5 years, and ownership of the assets lie within the Group.

(b) During the years ended 31 March 2015 and 2016 and the eight months ended 30 November 2016, additions to property, plant and equipment of approximately HK$359,000, HK$727,000 and Nil respectively were financed by finance lease arrangements.

14 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 March 2015	As at 31 March 2016	As at 30 November 2016
	HK$'000	*HK$'000*	*HK$'000*
Financial assets			
Loans and receivables			
Trade and other receivables excluding prepayments	2,163	1,788	1,417
Amount due from a director	16,724	29,810	4,385
Amounts due from related companies	7,281	–	–
Cash and bank balances	6,402	2,449	18,854
Total	32,570	34,047	24,656
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables excluding non-financial liabilities	6,855	5,853	11,336
Amount due to a related company	–	4	8
Finance lease liabilities	555	1,052	855
Total	7,410	6,909	12,199

15 GROSS AMOUNTS DUE FROM/ TO CUSTOMERS FOR CONTRACT WORK

	As at 31 March 2015	As at 31 March 2016	As at 30 November 2016
	HK$'000	*HK$'000*	*HK$'000*
Gross amounts due from customers for contract work			
Contract costs incurred plus recognised profits less recognised losses	–	2,459	8,361
Less: Progress billings received and receivables	–	(2,305)	(7,719)
	–	154	642
Gross amounts due to customers for contract work			
Progress billings received and receivables	21,973	17,745	39,143
Less: Contract costs incurred plus recognised profits less recognised losses	(6,391)	(8,437)	(22,921)
	15,582	9,308	16,222

16 TRADE AND OTHER RECEIVABLES

	As at 31 March 2015	As at 31 March 2016	As at 30 November 2016
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	433	154	470
Other receivables, deposits and prepayments	1,772	1,784	2,872
	2,205	1,938	3,342

Notes:

(a) The credit period granted to customers is 0-30 days generally. Trade receivables are denominated in HK$.

(b) The ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 March 2015	As at 31 March 2016	As at 30 November 2016
	HK$'000	*HK$'000*	*HK$'000*
0-30 days	361	120	77
31-60 days	5	–	43
61-90 days	–	5	313
Over 90 days	67	29	37
	433	154	470

Trade receivables of approximately HK$361,000, HK$120,000 and HK$77,000 as at 31 March 2015 and 2016 and 30 November 2016 respectively were not yet past due, and approximately HK$72,000, HK$34,000 and HK$393,000 as at 31 March 2015 and 2016 and 30 November 2016 respectively were past due but not impaired. These relate to trade receivables from a number of independent customers of whom there is no recent history of default and no provision has therefore been made.

Movements in the Group's provision for impairment of trade receivables are as follows:

	As at 31 March 2015	**As at 31 March 2016**	**As at 30 November 2016**
	HK$'000	*HK$'000*	*HK$'000*
Beginning of the year/period	–	–	–
Provision made for the year/period *(Note 6)*	47	–	–
Trade receivables written off as uncollectible	(47)	–	–
End of the year/period	–	–	–

(c) The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

17 AMOUNT DUE FROM A DIRECTOR

	Maximum balance outstanding during the year/period ended			**As at**	**As at**	**As at**
Name of director	**31 March 2015**	**31 March 2016**	**30 November 2016**	**31 March 2015**	**31 March 2016**	**30 November 2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Chan	18,284	31,605	29,822	16,724	29,810	4,385

The balance is denominated in HK$. The amount due from a director is non-trade in nature, unsecured, interest-free and repayable on demand *(Note 28)*.

18 AMOUNTS DUE FROM RELATED COMPANIES

Name of related companies	Maximum balance outstanding during the year/period ended 31 March 2015	31 March 2016	30 November 2016	As at 31 March 2015	As at 31 March 2016	As at 30 November 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Smart Will Engineering (Macau) Company Limited ("**Smart Will (Macau)**")	5,251	4,202	–	3,450	–	–
Happy Field Corporation Limited ("**Happy Field**")	7,405	3,115	–	2,062	–	–
Rising Wing Enterprises Limited ("**Rising Wing**")	2,068	1,557	–	1,444	–	–
Hong Kong Famous Designers Association Limited ("**HKFDA**")	329	545	–	325	–	–
				7,281	–	–

The balances are denominated in HK$. The amounts due from related companies are non-trade in nature, unsecured, interest-free and repayable on demand *(Note 28)*.

19 CASH AND BANK BALANCES

	As at 31 March 2015	As at 31 March 2016	As at 30 November 2016
	HK$'000	*HK$'000*	*HK$'000*
Cash at banks	6,219	2,328	18,683
Cash on hand	183	121	171
Cash and cash equivalents	6,402	2,449	18,854

Notes:

(a) The carrying amounts of the cash and cash equivalents are denominated in HK$ as at 31 March 2015 and 2016 and 30 November 2016.

(b) Cash at banks earns interest at floating rates based on daily bank deposit rates.

20 COMBINED CAPITAL

For the purpose of the preparation of the combined statements of financial position, the balance of combined capital:

- As at 31 March 2015 and 2016, represents the aggregate of the paid up share capital of the companies comprising the Group held by the controlling shareholders of the Company prior to the Reorganisation.

- As at 30 November 2016, represents the aggregate of the paid up share capital of the Company and Kingsky held by the controlling shareholders of the Company, prior to the Reorganisation.

During the eight months ended 30 November 2016, 99 shares of Kingsky were further allotted and issued to Chun Wah, credited as fully-paid, in consideration of the acquisition of 100%, 100%, 100% and 75% of the issued share capital of Globe Sense, Smart Will, Best Famous and New Base by Kingsky from Mr. Chan, respectively.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 17 February 2016 with an initial authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each and one subscriber share was issued thereafter.

21 TRADE AND OTHER PAYABLES

	As at 31 March 2015	**As at 31 March 2016**	**As at 30 November 2016**
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	5,330	3,791	8,824
Other payables, deposits received in advance and accruals	2,167	3,612	4,437
	7,497	7,403	13,261

Notes:

(a) Payment terms granted by suppliers and subcontractors are generally 0-30 days from the invoice date of the relevant purchases and services provided.

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

	As at 31 March 2015	**As at 31 March 2016**	**As at 30 November 2016**
	HK$'000	*HK$'000*	*HK$'000*
0-30 days	4,363	1,998	4,871
31-60 days	249	306	1,985
61-90 days	120	793	576
Over 90 days	598	694	1,392
	5,330	3,791	8,824

(b) All trade and other payables are denominated in HK$.

22 AMOUNT DUE TO A RELATED COMPANY

Name of a related company	As at 31 March 2015	As at 31 March 2016	As at 30 November 2016
	HK$'000	*HK$'000*	*HK$'000*
HKFDA	–	4	8

The balance is denominated in HK$. The amount due to a related company is unsecured, interest-free and repayable on demand *(Note 28)*.

23 PROVISION FOR WARRANTIES

	As at 31 March 2015	As at 31 March 2016	As at 30 November 2016
	HK$'000	*HK$'000*	*HK$'000*
Beginning of the year/period	–	244	716
Provision made for the year/period *(Note 6)*	558	947	308
Amounts utilised during the year/period	(314)	(475)	(374)
Reversal of unutilised amounts during the year/period *(Note 6)*	–	–	(1)
End of the year/period	244	716	649

The Company provides warranties to its customers typically run for initial periods to its customers ranging from 1 year to 3 years on the services provided. The amount of the provision for the warranties is estimated based on sales amounts and past experience of the level of warranty utilisation. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

24 FINANCE LEASE LIABILITIES

(a) As at 31 March 2015 and 2016 and 30 November 2016, the Group had finance lease repayables as follows:

	As at 31 March 2015		As at 31 March 2016		As at 30 November 2016	
	Present value of the minimum lease payments *HK$'000*	**Total minimum lease payments** *HK$'000*	**Present value of the minimum lease payments** *HK$'000*	**Total minimum lease payments** *HK$'000*	**Present value of the minimum lease payments** *HK$'000*	**Total minimum lease payments** *HK$'000*
Within one year	141	162	308	350	318	350
More than one year but not more than two years	147	162	323	350	289	307
More than two years but not more than five years	267	278	421	436	248	254
	555	602	1,052	1,136	855	911
Less: total future interest expenses		(47)		(84)		(56)
Present value of lease obligations		555		1,052		855

(b) As at 31 March 2015, finance leases of the Group were secured by the unlimited personal guarantee granted by Mr. Chan.

(c) As at 31 March 2016 and 30 November 2016, finance leases of the Group were secured by the unlimited personal guarantee granted by Mr. Chan and Mr. Lui Tun Yun who is the director of New Base.

(d) The Group had committed finance lease facilities which bore interest at approximately 1.8% per annum and ranged from approximately 1.8% to 2.5% per annum as at 31 March 2015 and 2016 and 30 November 2016 respectively.

(e) The carrying amounts of all finance lease liabilities are denominated in HK$.

(f) The personal guarantees granted by Mr. Chan and Mr. Lui Tun Yun will be released before Listing.

25 DEFERRED INCOME TAX

The gross movement of the deferred tax assets/(liabilities) during the Track Record Period is as follows:

	As at 31 March 2015	As at 31 March 2016	As at 30 November 2016
	HK$'000	*HK$'000*	*HK$'000*
Beginning of the year/period	–	93	82
Credited/(Charged) to profit or loss *(Note 10)*	93	(11)	(24)
End of the year/period	93	82	58

The components of deferred tax assets and liabilities recognised in the combined statements of financial position and the movements during the Track Record Period are as follows:

Deferred tax assets arising from:	**Provision for warranties**	**Tax depreciation**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
As at 1 April 2014	–	–	–
Credited to profit or loss	40	62	102
As at 31 March 2015 and 1 April 2015	40	62	102
Credited/(Charged) to profit or loss	78	(37)	41
As at 31 March 2016 and 1 April 2016	118	25	143
(Charged)/Credited to profit or loss	(11)	8	(3)
As at 30 November 2016	107	33	140

Deferred tax liabilities arising from:	**Tax depreciation**	**Total**
	HK$'000	*HK$'000*
As at 1 April 2014	–	–
Charged to profit or loss	9	9
As at 31 March 2015 and 1 April 2015	9	9
Charged to profit or loss	52	52
As at 31 March 2016 and 1 April 2016	61	61
Charged to profit or loss	21	21
As at 30 November 2016	82	82

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets in respect of the tax losses at the end of each of the Track Record Period as the directors of the Company consider that it is uncertain as to the extent that future profits will be available against which tax losses can be utilised in the foreseeable future.

The Group has unused tax losses of approximately HK$1,117,000, HK$1,206,000 and HK$1,388,000 as at 31 March 2015 and 2016 and 30 November 2016 respectively, which are available for offset against future profits that may be carried forward indefinitely and are subject to approval from the Hong Kong Inland Revenue Department.

26 RESERVES

The Group

Other reserve

Other reserve represents the difference between the nominal value of the shares issued by Kingsky in exchange for the aggregate amount of the nominal value of the share capital of Globe Sense, Smart Will, Best Famous and New Base held by the controlling shareholders arising from the Reorganisation.

The Company

	Accumulated losses
	HK$'000
Balance as at 17 February 2016 (date of incorporation)	–
Loss and total comprehensive expense for the period	35
Balance as at 31 March 2016 and 1 April 2016	35
Loss and total comprehensive expense for the period	415
Balance as at 30 November 2016	450

27 COMMITMENTS

Operating lease commitments – Group as lessee

At the end of each of the Track Record Period, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	As at 31 March 2015	**As at 31 March 2016**	**As at 30 November 2016**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	1,720	2,486	2,078
In the second to fifth years inclusive	752	1,452	722
	2,472	3,938	2,800

The Group is the lessee in respect of office premises and office equipment under operating leases. The leases typically run for initial periods ranging from 1 year to 5 years.

28 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

Save as disclosed in Notes 17, 18, 22 and 24 to the Financial Information, the Group entered into the following material transactions with related parties during the Track Record Period:

(a) The directors of the Company are of the view that the following companies that had transactions or balances with the Group are related parties:

Name	**Relationship with the Group**
Smart Will (Macau)	A related company which was mainly owned by Mr. Chan.
Happy Field	A related company is owned by Mr. Chan.
Rising Wing	A related company is owned by Mr. Chan.
HKFDA	A related company is controlled by Mr. Chan.
First Kitchen Limited ("**First Kitchen**")	A related company was owned by a former employee of the Group.

(b) Transactions with related parties

	Note	**Year ended 31 March 2015** *HK$'000*	**Year ended 31 March 2016** *HK$'000*	**Eight months ended 30 November 2015** *HK$'000 (Unaudited)*	**Eight months ended 30 November 2016** *HK$'000*
Rental of offices paid to:					
Happy Field	*(i)*	553	587	382	410
Rising Wing	*(i)*	1,759	1,962	1,286	570
Commission paid to:					
HKFDA	*(ii)*	13	4	4	4
Subcontracting charges paid to:					
First Kitchen	*(ii)*	2,283	1,547	1,547	–
Purchase of property	*(iv)*	–	–	–	9,600

Notes:

(i) The rental expenses for premises paid to the above related parties are based on the agreements entered into between the parties involved.

(ii) The commission and subcontracting charges paid to the above related parties are based on terms mutually agreed.

(iii) The emoluments of the directors and senior executives (representing the key management personnel) during the Track Record Period are disclosed in Note 8.

(iv) On 23 May 2016, Fame Protector purchased a property from Mr. Chan at a consideration of HK$9,600,000. The directors of the Company considered that the consideration was determined on normal commercial terms, and fair and reasonable after taking into consideration the original purchase price. The aforesaid consideration of HK$9,600,000 was used to partially offset the amount due from Mr. Chan.

29 BANKING FACILITIES

As at 31 March 2015 and 2016, the Group has unutilised bank overdraft facilities of approximately HK$2,000,000 and HK$2,000,000 respectively, which were secured by unlimited personal guarantee granted by Mr. Chan. Such bank overdraft facilities were terminated in May 2016.

30 NON-CONTROLLING INTERESTS

The directors of the Company consider that the non-controlling interests of the Group during the Track Record Period were insignificant to the Group and thus no summarised financial information of the non-wholly owned subsidiary is required to be presented in the Financial Information.

III DIRECTORS' REMUNERATION

Save as disclosed in Note 8 to the Financial Information, no remuneration has been paid or is payable to the Company's directors by the Company or any of its subsidiaries during the Track Record Period. Under the arrangements presently in force, the aggregate remuneration of the Company's directors for the year ending 31 March 2017 is expected to be approximately HK$2,399,000.

IV SUBSEQUENT EVENTS

The following significant events took place subsequent to 30 November 2016:

(a) The Reorganisation as set out in the paragraph headed "History, Development and Reorganisation – Reorganisation" to the Prospectus was completed on 24 March 2017.

(b) The Company adopted a share option scheme on 24 March 2017, a summary of the terms and conditions of which are set out in the paragraph headed "Share Option Scheme" in Appendix V "Statutory and General Information" to the Prospectus.

(c) On 24 March 2017, the authorised share capital of the Company was increased from HK$380,000 to HK$10,000,000 by the creation of an additional of 962,000,000 shares of HK$0.01 each.

V SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies comprising the Group in respect of any period subsequent to 30 November 2016.

Yours faithfully,
HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Chan Ching Pang
Practising Certificate Number: P05746
Hong Kong

The information set forth in this appendix does not form part of the accountants' report on the financial information of the Group for the two years ended 31 March 2016 and the eight months ended 30 November 2016 prepared by HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set forth in Appendix I of this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the accountants' report set forth in Appendix I of this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted combined net tangible assets of the Group which has been prepared in accordance with paragraph 7.31 of the GEM Listing Rules for the purpose of illustrating the effect of the Share Offer on the audited combined net tangible assets of the Group attributable to owners of the Company as of 30 November 2016, as if the Share Offer had taken place on 30 November 2016.

The unaudited pro forma adjusted combined net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group attributable to owners of the Company had the Share Offer been completed as at 30 November 2016 or at any future dates. It is prepared based on the audited combined net tangible assets of the Group attributable to owners of the Company as at 30 November 2016 as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below.

	Audited combined net tangible assets of the Group attributable to owners of the Company as at 30 November 2016	**Add: Estimated net proceeds from the Share Offer**	**Unaudited pro forma adjusted net tangible assets attributable to owners of the Company**	**Unaudited pro forma adjusted net tangible assets per Share attributable to owners of the Company**
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*
Based on the Offer Price of HK$0.26 per Share	6,156	40,647	46,803	0.06
Based on the Offer Price of HK$0.32 per Share	6,156	52,227	58,383	0.07

Notes:

1. The audited combined net tangible assets of the Group attributable to the owners of the Company is extracted from the Accountants' Report set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Share Offer are based on 200,000,000 Offer Shares at the Offer Price of lower limit and upper limit of HK$0.26 and HK$0.32 per Offer Share, respectively, after deduction of the underwriting commissions and fees and other related expenses, other than those expenses which had been recognised in profit or loss prior to 30 November 2016.

3. The unaudited pro forma adjusted net tangible assets per Share are determined after the adjustments as described in Notes 1 and 2 above and on the basis that 800,000,000 Shares are issued and outstanding as set out in the section headed "Share Capital" in this prospectus.

4. No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets of our Group to owner of our Company as at 30 November 2016 to reflect any trading results or other transactions of our Group entered into subsequent to 30 November 2016.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

31 March 2017

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF LAI GROUP HOLDING COMPANY LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Lai Group Holding Company Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted net tangible assets as at 30 November 2016 (the "**Unaudited Pro Forma Financial Information**") and related notes as set out in Section A of Appendix II to the prospectus issued by the Company dated 31 March 2017 (the "**Prospectus**"). The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described in Section A of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed offering of the shares of the Company (the "**Share Offer**") on the Group's financial position as at 30 November 2016 as if the Share Offer had taken place at 30 November 2016. As part of this process, information about the Group's financial information has been extracted by the directors from the Group's financial information for the eight months ended 30 November 2016, on which an accountants' report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibility

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 November 2016 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,
HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Chan Ching Pang
Practising Certificate Number: P05746
Hong Kong

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this prospectus received from AVISTA Valuation Advisory Limited, an independent valuer, in connection with its valuation of the property interests as at 28 February 2017.

AVISTA Valuation Advisory
艾 華 迪 評 估 咨 詢

23rd Floor, Siu On Centre, No. 188 Lockhart Road,
Wan Chai, Hong Kong

TEL : (852) 3702 7338 FAX : (852) 3914 6388
info@avaval.com
www.avaval.com

31 March 2017

The Board of Directors
Lai Group Holding Company Limited
Office H, 19/F, 3 On Kwan Street,
Shek Mun, Sha Tin,
New Territories, Hong Kong

Dear Sirs / Madams,

INSTRUCTIONS

In accordance with the instructions for us to value the property interests held by Lai Group Holding Company Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 28 February 2017 (the "**valuation date**").

PREMISES OF VALUE

The valuation is our opinion of market value which is defined by the Hong Kong Institute of Surveyors as "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

BASIS OF VALUATION

In valuing the property interests, we have complied with all the requirements set out in Chapter 8 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited ("**GEM Listing Rules**"), the HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors and the International Valuation Standards published from time to time by the International Valuation Standards Council.

Our valuation exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

VALUATION METHODOLOGY

In the course of our valuation, unless otherwise stated, we have valued the property in their designated uses with the understanding that the property will be used as such (hereafter referred to as "**continued uses**").

In valuing the property, we have valued such property by the market approach assuming sale with the benefit of vacant possession in their existing states by making reference to comparable sales transactions as available in the relevant markets.

TITLE INVESTIGATION

In preparing our valuation, we have carried out land searches at the Land Registry of Hong Kong. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We are not aware of any title defects, easements or right of way affecting the property and our valuation assume that none exists, except only where otherwise stated.

SITE INVESTIGATION

We have inspected the exterior and, where possible, the accessible portions of the interior of the property being appraised. The inspection was carried out by David He (Valuer), during the date 24 May 2016. However, we have not been commissioned to carry out structural survey nor to arrange for an inspection of the services. We are, therefore, not able to report whether the property is free of rot, infestation or any other structural defects. We formulate our view as to the overall conditions of the property taking into account the general appearance, the apparent standard and age of fixtures and fittings and the existence of utility services. Hence it must be stressed that we have had regard to you with a view as to whether the buildings are free from defects or as to the possibility of latent defects which might affect our valuation. In the course of our inspection, we did not note any serious defects. No tests were carried out on any of the services. We have assumed that utility services, such as electricity, telephone, water, etc., are available and free from defect.

We have not arranged for any investigation to be carried out to determine whether or not high alumina cement concrete or calcium chloride additive or pulverized fly ash, or any other deleterious material has been used in the construction of the property. We are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that deleterious material has not been used in the construction of the property.

We have not been commissioned to carry out detailed site measurements to verify the correctness of the land or building areas in respect of the property but have assumed that the areas provided to us are correct. Based on our experience of valuation of similar property, we consider the assumptions so made to be reasonable.

Moreover, we have not carried out any site investigation to determine the suitability of the ground conditions or the services for any property development erected or to be erected thereon. Nor did we undertake archaeological, ecological or environmental surveys for the property interests. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Should it be discovered that contamination, subsidence or other latent defects exists in the property or on adjoining or neighbouring land or that the property had been or are being put to contaminated use, we reserve right to revise our opinion of value.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Company or the legal or other professional advisers on such matters as statutory notices, planning approval, zoning, easements, tenure, completion date of building, development proposal, identification of property, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore approximations and for reference only. We have not searched original plans, developer brochures and the like to verify them.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

VALUATION ASSUMPTIONS

For the property which is held under long term land use rights, we have assumed that transferable land use rights in respect of the property interests at nominal land use fees has been granted and that any premium payable has already been fully settled. Unless stated as otherwise, we have assumed that the respective title owner of the properties have an enforceable title of the property interests and have free and uninterrupted rights to occupy, use, sell, lease, charge, mortgage or otherwise dispose of the properties without the need of seeking further approval from and paying additional premium to the Government for the unexpired land use term as granted. Unless noted in the report, vacant possession is assumed for the property concerned.

Moreover, we have assumed that the design and construction of the property is/will be in compliance with the local planning regulations and requirements and had been/would have been duly examined and approved by the relevant authorities.

Continued uses assumes the property will be used for the purposes for which the property is designed and built, or to which they are currently adapted. The valuation on the property in continued uses does not represent the amount that might be realised from piecemeal disposition of the property in the open market.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed. Moreover, it is assumed that all required licences, consents or other legislative or administrative authority from any local, provincial or national government or private entity or organisation either have been or can be obtained or renewed for any use which the report covers.

It is also assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined and considered in the valuation report. In addition, it is assumed that the utilisation of the land and improvements are within the boundaries of the property described and that no encroachment or trespass exists, unless noted in the report.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

We have further assumed that the property was not transferred or involved in any contentious or non-contentious dispute as at the valuation date. We have also assumed that there was not any material change of the properties in between dates of our inspection and the valuation date.

CURRENCY

Unless otherwise stated, all amounts are denominated in Hong Kong Dollar (HKD). We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited
Sr Oswald W Y Au
MHKIS(GP) AAPI MSc(RE)
Registered Professional Surveyor (GP)
Director

Note: Mr. Oswald W Y Au holds a Master's Degree of Science in Real Estate from the University of Hong Kong. He is also a member of Hong Kong Institute of Surveyors (General Practice) and Associate Member of Australian Property Institute. In addition, he is a Registered Professional Surveyor (General Practice) registered with Surveyors Registration Board. He has over 10 years of property valuation experience in Hong Kong, the PRC, the U.S., Canada, East and Southeast Asia including Singapore, Japan and Korea.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2017 *HK$*
Office H on 19/F Kings Wing Plaza 1 No. 3 On Kwan Street Shek Mun, Sha Tin New Territories Hong Kong 130/50,000th shares of and in Sha Tin Town Lot No. 412 (the "**Lots**")	The property comprises 1 office unit on 19th floor of a 22-storey office building completed in about 2015. The property has a total saleable area of approximately 82.037 sq.m. (883 sq.ft.) The property is held under New Grant No. 21341 for a term of 50 years commencing 9 January 2012. The annual rent is 3% of the rateable value from time to time of the lot subject to general condition no. 4 of New Grant No. 21341.	As at the date of valuation, the property was currently occupied by the Group for commercial use purpose.	11,510,000

Notes:

i. The registered owner of the property is FAME PROTECTOR LIMITED, registered via Memorial No. 16061401070025 dated 23 May 2016 for a consideration of HKD 9,600,000.

ii. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:

   a. Occupation Permit No. NT 67/2015 (OP) vide Memorial No. 15110402060076 dated 28 October 2015; and

   b. Deed of Mutual Covenant and Management Agreement vide Memorial No. 16022302130050 dated 3 February 2016.

iii. In our valuation, we have made reference to the transaction records of some office properties comparable to the property. We have adopted the range of unit rates of between HKD 12,400 – 13,300 per sq.ft. of the saleable area. The unit rates assumed by us are consistent with the said transaction record. Due adjustments to the unit rates of those transaction record have been made to reflect factors including but not limited to time, location and size in arriving at the key assumptions.

iv. The property lies within an area zoned "Other Specified Uses (Business)" under Sha Tin Outline Zoning Plan No. S/ST/32.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 17 February 2016 under the Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (**Memorandum**) and its Amended and Restated Articles of Association (**Articles**).

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum provides, inter alia, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 24 March 2017. A summary of certain provisions of the Articles is set out below.

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall mutatis mutandis apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a shareholder being a corporation, by its duly

authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

(iii) Alteration of capital

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

(iv) Transfer of shares

Subject to the Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless

the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the GEM Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) Power of the Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) Directors

(i) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the "retirement by rotation" provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(aa) resign;

(bb) dies;

(cc) is declared to be of unsound mind and the Board resolves that his office be vacated;

(dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) he is prohibited from being or ceases to be a director by operation of law;

(ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;

(gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or

(hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on

terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iv) Borrowing powers

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Companies Law, to issue

debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above.

Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary

relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

(aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(ix) Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) Meetings of member

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the GEM Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

(A) at least two members;

(B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Companies Law and the GEM Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(e) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(f) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

(iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

(aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(g) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(h) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(i) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed pari passu among such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(j) Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 17 February 2016 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

Under Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) any manner provided in section 37 of the Companies Law;

(iv) writing-off the preliminary expenses of the company; and

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of Foss v. Harbottle and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

(i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of 20 years from 22 March 2016.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to

be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official

liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix VI. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 17 February 2016. Our Company has established a principal place of business in Hong Kong at Office H, 19/F, 3 On Kwan Street, Shek Mun, Sha Tin, New Territories, Hong Kong and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 11 April 2016. CFN Lawyers in association with Broad & Bright has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, it is subject to the Cayman Islands law and to its constitution, which comprises the Memorandum and the Articles. A summary of various provisions of its constitution and relevant aspects of the Companies Law is set out in Appendix IV to this prospectus.

2. Changes in share capital of our Company

(a) As at the date of incorporation, our Company had an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. 1 nil-paid share was allotted and issued to the initial subscriber on 17 February 2016, and was subsequently transferred to Chun Wah (an investment holding company wholly owned by Mr. Chan) on the same day.

(b) On 24 March 2017, our Shareholders resolved to increase the authorised share capital of our Company from HK$380,000 to HK$10,000,000 by the creation of an additional of 962,000,000 Shares, each ranking pari passu with our Shares then in issue in all respects.

(c) Pursuant to the Reorganisation and as a consideration for the acquisition by the Company of the entire issued share capital of Kingsky Group from Chun Wah, on 24 March 2017, the Company (i) credited the one (1) nil-paid Share held by Chun Wah as fully paid; and (ii) issued and allotted 599,999,999 Shares in the Company, credited as fully-paid, to Chun Wah.

(d) Immediately following completion of the Share Offer, and taking no account of any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, 800,000,000 Shares will be issued fully paid or credited as fully paid, and 200,000,000 Shares will remain unissued.

(e) Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed "Written resolutions of our sole Shareholder passed on 24 March 2017" in this appendix and pursuant to the Share Option Scheme, our Company does not have any present intention to issue any of the authorised but

unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

(f) Save as disclosed in the section headed "Share capital" and "History, Development and Reorganisation" to this prospectus, there has been no alteration in our Company's share capital since its incorporation.

3. Written resolutions of our sole Shareholder passed on 24 March 2017

On 24 March 2017, resolutions in writing were passed by our Shareholders pursuant to which, among other things:

(a) our Company approved and adopted the Memorandum and the Articles, the terms of which are summarised in Appendix IV to this prospectus;

(b) the authorised share capital of our Company be increased from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$10,000,000 divided into 1,000,000,000 Shares of HK$0.01 each by the creation of an additional 962,000,000 Shares of HK$0.01 each, ranking pari passu with the existing Shares in all respects;

(c) conditional on the Listing Department granting listing of, and permission to deal in, our Shares in issue and Shares to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the options granted under the Share Option Scheme) and on the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the date falling 30 days after the date of the issue of this prospectus:

(i) the Share Offer was approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Share Offer to rank pari passu with the then existing Shares in all respects;

(ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "Share Option Scheme" below in this appendix, were approved and adopted and our Directors were authorised, subject to the terms and conditions of the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with our Shares pursuant to the exercise of subscription rights attaching to any options which may be granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;

(d) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme or any other share option scheme of our Company or any Shares allotted and issued in lieu of the whole or part of a dividend on Shares or similar arrangement in accordance with the Articles or pursuant to a specific authority granted by our Shareholders in general meeting or pursuant to the Share Offer, Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such securities convertible into Shares, and to make or grant offers, agreements and options which might require the exercise of such power, with an aggregate nominal value not exceeding 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer but excluding or pursuant to the exercise of the options which may be granted under the Share Option Scheme, such mandate to remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or

(iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting; and

(e) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase on GEM or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer or pursuant to the exercise of the options which may be granted under the Share Option Scheme, such mandate to remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or

(iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting; and

(f) the general unconditional mandate mentioned in sub-paragraph (d) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed to be allotted by our Directors

pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (e) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer or pursuant to the exercise of the options which maybe granted under the Share Option Scheme.

4. Corporate Reorganisation

In preparing for the Listing, the companies comprising our Group underwent the Reorganisation to rationalise the corporate structure of our Group and our Company became the holding company of our Group. Please refer to the paragraphs headed "History, Development and Reorganisation – Reorganisation" in this prospectus for further details.

5. Changes in share capital of subsidiaries

The subsidiaries of our Company are listed in the Accountants' Report of our Company, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the section headed "History, Development and Reorganisation" in this prospectus, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Repurchase of our Shares by our Company

This section contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase of our Shares by our Company.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies whose primary listing is on GEM to repurchase their securities on GEM subject to certain restrictions, a summary of which is set out below:

(i) Shareholders' approval

The GEM Listing Rules provide that all proposed repurchases of shares, which must be fully paid up in the case of shares, by a company with a primary listing on GEM must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by our sole Shareholder on 24 March 2017, a general unconditional mandate (the "**Repurchase Mandate**") was granted to our Directors authorising them to exercise all powers of our Company to repurchase on GEM or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the

Share Offer but excluding any Shares which may be issued under the Share Option Scheme and the Repurchase Mandate shall remain in effect until whichever is the earliest of the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held or the time when the Repurchase Mandate is revoked or varied by an ordinary resolution of our Shareholders in a general meeting.

(ii) Source of funds

Any repurchase by our Company must be funded out of funds legally available for the purpose in accordance with the Articles, the applicable laws of the Cayman Islands and the GEM Listing Rules. Our Company may not repurchase its own Shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Any repurchases by our Company may be made out of profits or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or out of our Company's share premium account before or at the time our Shares are repurchased or, if authorised by the Articles and subject to the Companies Law, out of capital.

(iii) Connected parties

The GEM Listing Rules prohibit our Company from knowingly repurchasing our Shares on GEM from a "core connected person" (as defined in the GEM Listing Rules), which includes a Director, chief executive or substantial shareholder of our Company or any of its subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell Shares to our Company on GEM.

(b) Exercise of the Repurchase Mandate

On the basis of 800,000,000 Shares in issue immediately after completion of the Share Offer, our Directors would be authorised under the Repurchase Mandate to repurchase up to 80,000,000 Shares during the period in which the Repurchase Mandate remains in force. Any Shares repurchased pursuant to the Repurchase Mandate must be fully paid up.

(c) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and its Shareholders for our Directors to have a general authority from Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on

market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(d) Funding of repurchases

In repurchasing the Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the GEM Listing Rules and the applicable laws and regulations of the Cayman Islands.

Our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(e) General

None of our Directors or to the best of their knowledge, having made all reasonable enquiries, any of their close associates (as defined in the GEM Listing Rules) of any Director, has any present intention to sell any Shares to our Company if the Repurchase Mandate is exercised.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the Articles and the applicable law and regulations from time to in force in the Cayman Islands.

If, as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. In certain circumstances, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code) depending on the level of increase of our Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase.

Save as disclosed above, our Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any repurchase of Shares if made immediately after the listing of our Shares pursuant to the Repurchase Mandate. At present, so far as is known to our Directors, no Shareholder may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code in the event that our Directors exercise the power in full to repurchase our Shares pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules). No core connected

person (as defined in the GEM Listing Rules) has notified our Company that he/she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Group within the two years preceding the date of this prospectus and are or may be material in relation to the business of our Company taken as a whole:

(a) an agreement for the sale and purchase dated 28 April 2016 entered into between Chan Lai Sin as vendor and Kingsky Group Limited as purchaser, in relation to the sale and purchase of 1,000 issued shares in the share capital of Globe Sense Limited（豪迅有限公司）in consideration of which Kingsky Group Limited issued and allotted 25 nil-paid shares in the capital of Kingsky Group Limited, credited as fully paid, to Chun Wah Limited;

(b) an agreement for the sale and purchase dated 28 April 2016 entered into between Chan Lai Sin as vendor and Kingsky Group Limited as purchaser, in relation to the sale and purchase of 100,000 issued shares in the share capital of Smart Will Engineering Limited（駿志工程有限公司）in consideration of which Kingsky Group Limited issued and allotted 24 nil-paid shares in the capital of Kingsky Group Limited, credited as fully paid, to Chun Wah Limited;

(c) an agreement for the sale and purchase dated 28 April 2016 entered into between Chan Lai Sin as vendor and Kingsky Group Limited as purchaser, in relation to the sale and purchase of 100 issued shares in the share capital of Best Famous Engineering Limited（佳名工程有限公司）in consideration of which Kingsky Group Limited issued and allotted 25 nil-paid shares in the capital of Kingsky Group Limited, credited as fully paid, to Chun Wah Limited;

(d) an agreement for the sale and purchase dated 28 April 2016 entered into between Chan Lai Sin as vendor and Kingsky Group Limited as purchaser, in relation to the sale and purchase of 75 issued shares in the share capital of New Base Enterprises Limited（龍基企業有限公司）in consideration of which Kingsky Group Limited issued and allotted 25 nil-paid shares in the capital of Kingsky Group Limited, credited as fully paid, to Chun Wah Limited;

(e) a share swap deed dated 24 March 2017 entered into between (i) Chun Wah Limited; (ii) Lai Group Holding Company Limited; (iii) Kingsky Group Limited; and (iv) Mr. Chan Lai Sin in relation to the transfer of the entire issued share capital in Kingsky Group Limited;

(f) the Deed of Indemnity dated 24 March 2017 given by Chan Lai Sin and Chun Wah Limited in favour of Lai Group Holding Company Limited（禮建德集團控股有限公司）(for itself and on behalf of its subsidiaries) containing indemnities referred to in the paragraph headed "Tax and other indemnities" in this appendix;

(g) the Deed of Non-competition dated 24 March 2017 given by Chan Lai Sin and Chun Wah Limited in favour of Lai Group Holding Company Limited（禮建德集團控股有限公司）(for itself and on behalf of its subsidiaries), details of which are set out in the paragraph headed "Non-competition undertakings" under the section headed "Relationship with Our Controlling Shareholders" in this prospectus;

(h) the Public Offer Underwriting Agreement dated 29 March 2017 relating to the Public Offer and entered into between Lai Group Holding Company Limited, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriter, details of which are summarised in the section headed "Underwriting – Underwriting arrangements and expenses – The Public Offer" in this Prospectus.

2. Intellectual property rights of our Group

(a) Trademarks

As at the Latest Practicable Date, our Group has registered the following trademarks that are considered to be or may be material to our business and with which we conduct the majority of our business:

No.	Trademark	Country of place of registrations	Registered owner	Class	Registration number	Duration
1.	Design Information Centre	Hong Kong	Smart Will	37, 42	300528138	11 November 2005 – 10 November 2025
2.	DICHK	PRC	Smart Will	42	15905570	7 March 2016 – 6 March 2026
3.	DIC	PRC	Design Information Centre	37	14902770	7 September 2015 – 6 September 2025

As at the Latest Practicable Date, we are the assignee of the following trademarks which we believe are materials to our business:

No.	Trademark	Country of place of registrations	Registered owner	Class	Registration number	Duration
1.	Design Information Centre 設計情報中心	Hong Kong	Mr. Chan	37, 42	301416654	31 August 2009 – 30 August 2019

No.	Trademark	Country of place of registrations	Registered owner	Class	Registration number	Duration
2.		Hong Kong	Mr. Chan	37, 42	301416645	31 August 2009 – 30 August 2019
3.		Hong Kong	Mr. Chan	37, 42	301508643	24 December 2009 – 23 December 2019
4.		Hong Kong	Mr. Chan	37, 42	301511504	29 December 2009 – 28 December 2019

(b) Domain names

As at the Latest Practicable Date, our Group is the owner of the following domain names:

Domain name	Registered owner	Duration
www.dic.hk	Smart Will	15 December 2006 – 19 December 2021
www.design-information.com.hk	Globe Sense	24 August 2001 – 4 September 2020

C. FURTHER INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND EXPERTS

1. Disclosure of interests

(a) Interests of Directors and chief executive in Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following the completion of the Share Offer or upon the exercise of any options which may be granted under the Share Option Scheme, the interests and short positions of our Directors or chief executive of our Company in our Shares, underlying Shares and debentures of our Company or any of the associated corporations (within the meaning of Part XV of the SFO) which, once our Shares are listed on the GEM, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by our Directors, to be notified to our Company and the Stock Exchange, will be as follows:

(i) Long position in the Share

Name of Director/ Chief Executive	Capacity/Nature of interest	Number of underlying Shares *(Note 1)*	Percentage of shareholding
Mr. Chan	Interest of a controlled corporation	600,000,000	75%

Notes:

(1) All interests stated are long positions.

(2) Mr. Chan beneficially owns the entire issued share capital of Chun Wah. Therefore, Mr. Chan is deemed, or taken to be, interested in all the Shares held by Chun Wah for the purpose of the SFO. Mr. Chan is the sole director of Chun Wah.

(ii) Long position in the share of associated corporations

Name of Director	Name of associated corporations	Capacity/ nature of interest	Number of share held/interest	Percentage of shareholding
Mr. Chan	Chun Wah	Beneficial owner	1	100%

(b) Interests of substantial and other Shareholders in our Shares and underlying Shares

So far as is known to our Directors and taking no account of any Shares which may be taken up under the Share Offer, or pursuant to options which may be granted under the Share Option Scheme, the following persons (not being a Director or chief executive of our Company) will, immediately following the completion of the Share Offer, have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, 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 any other member of our Group:

Name	Capacity/Nature of interest	Number of underlying Shares *(Note 1)*	Percentage of shareholding
Chun Wah	Beneficial Owner	600,000,000	75%
Ms. Wong *(Note 2)*	Interest of Spouse	600,000,000	75%

Notes:

(1) All interests stated are long positions.

(2) Ms. Wong is the spouse of Mr. Chan. Under the SFO, Ms. Wong is deemed to be interested in the same number of Shares in which Mr. Chan is interested.

2. Particulars of service contracts

Each of our Directors has entered into a service contract or an appointment letter (as the case may be) with our Company for an initial fixed term of three years commencing on the Listing Date which may only be terminated in accordance with the provisions of the service contract or the appointment letter (as the case may be) or by (i) our Company giving to any Director not less than three months' prior notice in writing or (ii) by any Director giving to our Company not less than three month's prior notice in writing.

3. Remuneration of Directors

(a) The aggregate remuneration paid by our Group to our Directors in respect of the two years ended 31 March 2015 and 2016 and the eight months ended 30 November 2016 were approximately HK$2,262,000, HK$2,298,000 and HK$1,599,000 respectively.

(b) Under the arrangements currently in force, the aggregate emoluments (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to our Directors for the year ending 31 March 2017 will be approximately HK$2,399,000.

(c) Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

	HK$
Executive Directors	
Mr. Chan Lai Sin	HK$2,016,000
Ms. So Hiu Bik	HK$474,000
Mr. Hung Lap Ka	HK$342,000
Independent non-executive Directors	
Mr. Wu Loong Cheong Paul	HK$120,000
Ms. Lui Lai Chun	HK$120,000
Mr. Kwan Ngai Kit	HK$120,000

(d) Each of our Directors has entered into a service contract with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice served by either party on the other, and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Memorandum and the Articles.

4. Agency fee or commission received

Save as disclosed in the section headed "Underwriting – Underwriting arrangements" of this prospectus, none of our Directors or the experts named in the paragraph headed "Consents of experts" in this Appendix had received any agency fee or commissions from our Group within the two years preceding the date of this prospectus.

5. Related party transactions

Details of the related party transactions are set out under Note 28 to the Accountants' Report of our Company set out in Appendix I to this prospectus.

6. Disclaimers

Save as disclosed in this prospectus:

(a) taking no account of any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme or repurchased by our Company pursuant to the mandates as referred to in the paragraph headed "Further information about our Company" in this appendix, and taking no account of Shares which may be taken up under the Share Offer, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Share Offer, have an interest or short position in our Shares or underlying Shares which will fall to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value or any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group;

(b) none of our Directors or chief executive of our Company has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by our Directors, to be notified to our Company and the Stock Exchange, in each case once our Shares are listed on the GEM;

(c) none of our Directors or the experts named in the paragraph headed "Qualifications of experts" in this appendix is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(d) none of our Directors or the experts named in the paragraph headed "Qualifications of experts" in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(e) none of our Directors or the experts named in the paragraph headed "Qualifications of experts" in this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

(f) so far as is known to our Directors, none of our Directors, their respective associates (as defined under the GEM Listing Rules) or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group;

(g) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)); and

(h) no remuneration or other benefits in kind have been paid by any member of our Group to any Director since the date of incorporation of our Company, nor are any remuneration or benefits in kind payable by any member of our Group to any Director in respect of the current financial year under any arrangement in force as at the Latest Practicable Date.

D. SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 24 March 2017. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

(a) Definitions

For the purpose of this section, the following expressions have the meanings set out below unless the context requires otherwise:

"Adoption Date"	24 March 2017, the date on which the Share Option Scheme is conditionally adopted by our sole Shareholder by way of written resolutions
"Board"	the board of Directors or a duly authorised committee of the board of Directors
"Business Day"	any day on which the Stock Exchange is open for the business of dealing in securities
"Group"	our Company and any entity in which our Company, directly or indirectly, holds any equity interest
"Scheme Period"	the period commencing on the Adoption Date and expiring at the close of business on the Business Day immediately preceding the tenth anniversary thereof

(b) Summary of terms

The following is a summary of the principal terms of the rules of the Share Option Scheme conditionally adopted by the written resolutions of our sole Shareholder passed on 24 March 2017:

(i) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (fulltime and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and services providers of our Group and to promote the success of the business of our Group.

(ii) Who may join and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of our Group, or any substantial shareholder of our Group, or any distributor, contractor, supplier, agent, customer, business partner or services provider of our Group, options to subscribe at a price calculated in accordance with paragraph (iii) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme. The basis of eligibility of any participant to the grant of any option shall be determined by our Board (or as the case may be, our independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

(iii) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of our Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided always that for the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five Business Days, the new issue price shall be used as the closing price for any Business Day fall within the period before listing.

(iv) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK$1.

(v) Maximum number of Shares

(aa) subject to sub-paragraph (bb) and (cc) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all our Shares in issue as at the Listing Date. Therefore, it is expected that our Company may grant options in

respect of up to 80,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 80,000,000 Shares from time to time) to the participants under the Share Option Scheme.

(bb) The 10% limit as mentioned above may be refreshed at any time by obtaining approval of our Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of our Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to our Shareholders containing the information as required under the GEM Listing Rules in this regard.

(cc) our Company may seek separate approval of our Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to our Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose, such other information required under the GEM Listing Rules.

(dd) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of our Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in such 30% limit being exceeded.

(vi) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option scheme of our Company, in any 12-month period up to the date of grant shall not exceed 1% of our Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his associates abstaining from voting. In such event, our Company must send a circular to our Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such

grantee), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of our Shareholders and the date of our Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(vii) Grant of options to certain connected persons

(aa) Any grant of an option to a Director, chief executive or Substantial Shareholder (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).

(bb) Where any grant of options to a Substantial Shareholder or an independent non-executive Director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:

(i) representing in aggregate over 0.1% of our Shares in issue; and

(ii) having an aggregate value, based on the closing price of our Shares at the date of each grant, in excess of HK$5 million, such further grant of options is required to be approved by Shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to our Shareholders containing all information as required under the GEM Listing Rules in this regard. All connected persons of our Company shall abstain from voting (except where any connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a Substantial Shareholder or an independent non-executive Director or any of their respective associates is also required to be approved by Shareholders in the aforesaid manner.

(viii) Restrictions on the times of grant of options

(aa) An offer for the grant of options may not be made after any inside information (as defined in the SFO) has come to the knowledge of our Company until such inside information has been announced pursuant to the requirements of the GEM Listing Rules and the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

(i) the date of our Board meeting (such date to first be notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules); and

(ii) the deadline for our Company to publish an announcement of the results for any year, half-year or quarterly under the GEM Listing Rules, or other interim period (whether or not required under the GEM Listing Rules).

(bb) Further to the restrictions in paragraph (aa) above, no option may be granted to a Director on any day on which financial results of our Company are published and:

(i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(ii) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(ix) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as our Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(x) Performance targets

Save as determined by our Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

(xi) Ranking of Shares

Our Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of

allotment, save that our Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(xii) Rights are personal to grantee

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

(xiii) Rights on cessation of employment by death

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (xiv) below arises within a period of 3 years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his death provided that where any of the events referred to in (xvii), (xviii) and (xix) occurs prior to his death or within such period of 12 months following his death, then his personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(xiv) Rights on cessation of employment by dismissal

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by our Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his option shall lapse automatically (to the extent not already exercised) on the date of cessation of his employment with our Group.

(xv) Rights on cessation of employment for other reasons

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group for any reason other than his death or the termination of his employment on one or more of the grounds specified in (xiv) above, the option (to the extent not already exercised) shall lapse on the expiry of 3 months after the date of cessation of such employment (which date will be the last actual working day with our Company or the relevant member of our Group whether salary is paid in lieu of notice or not).

(xvi) Effects of alterations to share capital

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices, as the auditors of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the GEM Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time (no such certification is required in case of adjustment made on a capitalisation issue), provided that any alteration shall give a grantee the same proportion of the issued share capital of our Company as that to which he was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

(xvii) Rights on a general offer

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all our Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already lapsed or exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(xviii) Rights on winding-up

In the event a notice is given by our Company to the members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(xix) Rights on compromise or arrangement

In the event of a compromise or arrangement between our Company and our Shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies pursuant to the Companies Law, our Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to our Shareholders or the creditors to consider such a compromise or arrangement and the options (to the extent not already lapsed or exercised) shall become exercisable in whole or in part on such date not later than two Business Days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement ("**Suspension Date**"), by giving notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given whereupon our Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. Our Board shall endeavour to procure that our Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or willful default on the part of our Company or any of its officers.

(xx) Lapse of options

An option shall lapse automatically on the earliest of:

(aa) the expiry of the period referred to in paragraph (ix) above;

(bb) the date on which our Board exercises our Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (xii);

(cc) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (xiii), (xiv), (xv), (xvii), (xviii) or (xix) above;

(dd) subject to paragraph (xviii) above, the date of the commencement of the winding-up of our Company;

(ee) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty;

(ff) where the grantee is only a substantial shareholder of any member of our Group, the date on which the grantee ceases to be a substantial shareholder of such member of our Group; or

(gg) subject to the compromise or arrangement as referred to in paragraph (xix) become effective, the date on which such compromise or arrangement becomes effective.

(xxi) Cancellation of options granted but not yet exercised

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as our Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation.

(xxii) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof unless terminated earlier by our Shareholders in general meeting.

(xxiii) Alteration to the Share Option Scheme

(aa) The Share Option Scheme may be altered in any respect by resolution of our Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options relating to matters governed by Rule 23.03 of the GEM Listing Rules shall not be made except with the prior approval of our Shareholders in general meeting.

(bb) Any amendment to any terms of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of the Board in respect of alteration of the

Share Option Scheme must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

(cc) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of the GEM Listing Rules or any guidelines issued by the Stock Exchange from time to time.

(xxiv) ***Termination to the Share Option Scheme***

Our Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

(xxv) ***Conditions of the Share Option Scheme***

The Share Option Scheme is conditional on the Listing Division of the Stock Exchange granting the listing of, and permission to deal in our Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(c) Present status of the Share Option Scheme

Application has been made to the Listing Division for listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of the options granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

E. OTHER INFORMATION

1. Tax and other indemnities

Our Controlling Shareholders (collectively, the "**Indemnifiers**") have, under a deed of indemnity referred to in paragraph (g) of the paragraph headed "B. Further Information about our Business – 1. Summary of material contracts" in this appendix, given joint and several indemnities to our Company for itself and as trustee for its subsidiaries in connection with, among other things, (a) any taxation falling on any member of our Group (i) in respect of or by reference to any income, profits or gains earned, accrued or received or deemed or alleged to have been earned, accrued or received on or before the date on which our Share Offer becomes unconditional; or (ii) in respect of or by reference to any transaction, act, omission or event entered into or occurring or deemed to enter into or occur on or before the date on which our Share Offer becomes unconditional; and (b) any claims, actions, demands, proceedings, judgements, losses, liabilities, damages, costs, charges, fees,

expenses and fines of whatever nature suffered or incurred by any member of our Group as a result of or in connection with any litigation, arbitrations, claims (including counter-claims), complaints, demands and/or legal proceedings instituted by or against any member of our Group in relation to events occurred on or before the date on which our Share Offer becomes unconditional. Our Indemnifiers will, however, not be liable under the deed of indemnity to the extent that, among others:

(a) specific provision, reserve or allowance has been made for such liability in the audited combined accounts of our Company for the Track Record Period; or

(b) the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which our Share Offer becomes unconditional; or

(c) the taxation liability arises in the ordinary course of business of any members of our Group after 31 July 2016 up to and including the date on which our Share Offer becomes unconditional.

Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands is likely to fall on our Group.

2. Litigation

Our Directors confirmed that as at the Latest Practicable Date, save as otherwise discussed in the paragraph headed "Business – Legal and regulatory proceedings and compliance matters" in the prospectus, no member of our Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for listing of, and permission to deal in, our Shares in issue and to be issued as mentioned herein and any Shares which may fall to be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme.

The Sponsor's fees are HK$3,800,000 in respect of its services rendered as the Sponsor to our Company for the Share Offer, and are payable by the Company.

4. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately HK$33,540 and are payable by our Company.

5. Promoter

Our Company has no promoter for the purpose of the GEM Listing Rules.

6. Qualifications of experts

The following are the respective qualifications of the experts who have given their opinion or advice which is contained in this prospectus:

Name	Qualification
Frontpage Capital Limited	A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
HLB Hodgson Impey Cheng Limited	Certified Public Accountants
Appleby	Legal adviser to our Company as to Cayman Islands law
CFN Lawyers in association with Broad & Bright	Legal adviser to our Company as to Hong Kong law
Euromonitor International Limited	Market research consultant
AVISTA Valuation Advisory Limited	Property valuer
Antonio & Clayton CPA Limited	Internal control consultant

7. Consents of experts

Each of Frontpage Capital, HLB Hodgson Impey Cheng Limited, CFN Lawyers in association with Broad & Bright, Appleby, AVISTA Valuation Advisory Limited, Euromonitor International Limited and Antonio & Clayton CPA Limited has given and has not withdrawn its written consents to the issue of this prospectus, with the inclusion of its letters and/or reports and/or valuation certificates and/or opinions and/or summary thereof (as the case may be) and/or reference to its name included herein in the form and context in which they respectively appear.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

9. Registration procedures

The principal register of members of our Company in the Cayman Islands will be maintained by Estera Trust (Cayman) Limited and a branch register of members of our Company will be maintained by Tricor Investor Services Limited. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable our Shares to be admitted into CCASS.

10. Material adverse change

Our Directors confirm, save for the matters disclosed in the section headed "Financial Information – Material adverse change" of this prospectus, that there has been no material adverse change in the financial or trading position or prospects of our Company or its subsidiaries since 30 November 2016 (being the date to which the latest audited financial statements of our Group were made up) and up to the date of this prospectus.

11. Taxation of holders of Shares

(a) Hong Kong

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

Profits from dealings in Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) The Cayman Islands

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or parties involved in the Share Offer accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

12. Miscellaneous

(a) Save as disclosed in this prospectus:

(i) Within the two years immediately preceding the date of this prospectus:

(aa) no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(bb) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries and no commission has been paid or is payable in connection with the issue or sale of any capital of our Company or any of our subsidiaries;

(cc) no commission has been paid or payable (except to sub-underwriter) for subscribing or agreeing to subscribe, procuring or agreeing to procure subscriptions, for any Shares or shares of any of our subsidiaries;

(dd) no founder, management or deferred shares or any debentures of our Company have been issued or agreed to be issued; and

(ee) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option.

(ii) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus;

(iii) none of Frontpage Capital, HLB Hodgson Impey Cheng Limited, CFN Lawyers in association with Broad & Bright, AVISTA Valuation Advisory Limited, Euromonitor International Limited, Antonio & Clayton CPA Limited and Appleby:

(aa) is interested beneficially or non-beneficially in any securities in any member of our Group, including the Shares; or

(bb) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group, including the Shares.

(iv) our Company and its subsidiaries do not have any debt securities issued or outstanding, or authorised or otherwise created but unissued, or any term loans whether guaranteed or secured as at the Latest Practicable Date;

(v) our Directors have been advised that, under Cayman Islands laws, the use of a Chinese name pre-approved by the Registrar of Companies in the Cayman Islands by our Company in conjunction with the English name does not contravene Cayman Islands laws;

(vi) no company within our Group is presently listed on any stock exchange or traded on any trading system;

(vii) our Group has no outstanding convertible debt securities; and

(viii) the English text of this prospectus shall prevail over the Chinese text.

13. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were, amongst other documents, copies of the written consents referred in "Appendix V – Statutory and General Information – Consents of experts" to this prospectus, and copies of the material contracts referred to in "Appendix V – Statutory and General Information – Summary of material contracts" to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for the inspection at the office of CFN Lawyers in association with Broad & Bright at Room 4124, 41/F, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and the Articles;

(b) the Accountants' Report from HLB Hodgson Impey Cheng Limited in respect of the historical financial information for the years ended 31 March 2015 and 2016 and the eight months ended 30 November 2016, the text of which is set out in Appendix I to this prospectus;

(c) the report on the unaudited pro forma financial information of our Group from HLB Hodgson Impey Cheng Limited, the text of which is set out in Appendix II of this prospectus;

(d) the audited combined financial statements of the companies comprising our Group for the years ended 31 March 2015 and 2016 and the eight months ended 30 November 2016 or for the period since their respective dates of incorporation where there is a shorten period;

(e) the letter with valuation certificate relating to our property prepared by AVISTA Valuation Advisory Limited, the text of which is set forth in Appendix III to this prospectus;

(f) the Companies Law;

(g) the letter of advice prepared by Appleby summarising certain aspects of the Cayman Islands company law referred to in Appendix IV to this prospectus;

(h) the legal opinion issued by CFN Lawyers in association with Broad & Bright, our legal adviser as to Hong Kong Law, in respect to the compliance of applicable laws and regulations in Hong Kong;

(i) the material contracts referred to in "Appendix V – Statutory and General Information – Summary of material contracts" to this prospectus;

(j) the written consents referred to in "Appendix V – Statutory and General Information – Consents of experts" to this prospectus;

(k) the rules of the Share Option Scheme referred to in the paragraph headed "Share Option Scheme" in Appendix V to this prospectus;

(l) the service contracts referred to in "Appendix V – Statutory and General Information – Particulars of service contracts" to this prospectus;

(m) the internal control report prepared by Antonio & Clayton CPA Limited; and

(n) the industry report issued by Euromonitor International Limited.

LAI GROUP HOLDING COMPANY LIMITED

禮建德集團控股有限公司