

GAIN PLUS HOLDINGS LIMITED

德益控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code : 8522

SHARE OFFER

Sole Sponsor



Sole Bookrunner



Joint Lead Managers



IMPORTANT

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

GAIN PLUS HOLDINGS LIMITED

德益控股有限公司

(incorporated in the Cayman Islands with limited liability)

SHARE OFFER

Number of Offer Shares	:	93,000,000 Shares (subject to the Offer Size Adjustment Option)
Number of Public Offer Shares	:	9,300,000 Shares (subject to reallocation)
Number of Placing Shares	:	83,700,000 Shares (subject to reallocation and the Offer Size Adjustment Option)
Offer Price	:	Not more than HK\$0.80 per Offer Share and expected to be not less than HK\$0.60 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	:	8522

Sole Sponsor



Sole Bookrunner



Joint Lead Managers



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 under "Appendix V — Documents delivered to the Registrar of Companies in Hong Kong and available for inspection" to this prospectus, have been registered with 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 of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be determined by agreement between us and the Sole Bookrunner (for itself and on behalf of the Underwriters) on or before Monday, 5 February 2018. The Offer Price will be not more than HK\$0.80 per Offer Share and is currently expected to be not less than HK\$0.60 per Offer Share, unless otherwise announced. Investors applying for Public Offer Shares must pay, on application, the maximum Offer Price of HK\$0.80 per Offer Share, together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%.

The Sole Bookrunner (for itself and on behalf of the Underwriters) may, with our consent, reduce the number of the Offer Shares and/or the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such case, a notice of the reduction of the number of the Offer Shares and/or the indicative Offer Price range will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.doublegain.hk as soon as practicable but in any event, not later than the morning of the last day for lodging applications under the Public Offer.

If, for any reason, the Offer Price is not agreed between us and the Sole Bookrunner (for itself and on behalf of the Underwriters) on or before Friday, 9 February 2018 (or such other date as may be agreed between the Company and the Sole Bookrunner (for itself and on behalf of the Underwriters)), the Share Offer will not proceed and will lapse.

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

Pursuant to certain provisions contained in the Underwriting Agreements in respect of the Offer Shares, the Sole Bookrunner (for itself and on behalf of the Underwriters) has the right in certain circumstances, in its sole and absolute discretion, to terminate the obligations of the Underwriters pursuant to the Underwriting Agreements at any time prior to 8:00 a.m. (Hong Kong time) on the day on which dealings in the Shares first commence on the Stock Exchange. Further details of the terms of such provisions are set out in the section headed "Underwriting" in this prospectus. It is important that you refer to that section for further details.

30 January 2018

CHARACTERISTICS OF GEM

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“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 higher 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. The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the Stock Exchange’s website at www.hkexnews.hk in order to obtain up-to-date information on GEM-listed issuers.

EXPECTED TIMETABLE

If there is any change in the following expected timetable of the Share Offer, we will issue an announcement on the respective websites of our Company at www.doublegain.hk and the Stock Exchange at www.hkexnews.hk.

Date⁽¹⁾
2018

Public Offer commences and **WHITE** and **YELLOW**

Application Forms available from..... 9:00 a.m. on Tuesday, 30 January

Latest time to complete electronic applications under

the **HK eIPO White Form** service through

the designated website at www.hkeipo.hk⁽²⁾ 11:30 a.m. on Friday, 2 February

Application lists of the Public Offer open⁽³⁾ 11:45 a.m. on Friday, 2 February

Latest time to lodge **WHITE** and **YELLOW** Application

Forms and to give **electronic application instruction**

to HKSCC⁽⁴⁾ 12:00 noon on Friday, 2 February

Latest time to complete payment of **HK eIPO White Form**

applications by effecting internet banking transfer(s) or

PPS payment transfer(s) 12:00 noon on Friday, 2 February

Application lists of the Public Offer close⁽³⁾ 12:00 noon on Friday, 2 February

Expected Price Determination Date⁽⁵⁾ Monday, 5 February

Announcement of the final Offer Price, the level of indications of interest in the Placing, the level of applications in the Public Offer, the basis of allocation of the Public Offer Shares to be published on the website of our Company at www.doublegain.hk and the website of the

Stock Exchange at www.hkexnews.hk on or before Monday, 12 February

Results of allocations in the Public Offer (with successful applicants' identification document numbers, where applicable) to be available through a variety of channels (see the section headed "How to apply for Public Offer Shares —

11. Publication of results" in this prospectus) on Monday, 12 February

Results of allocations in the Public Offer will be available at www.tricor.com.hk/ipo/result with a "search by ID Number/Business Registration Number"

function on Monday, 12 February

EXPECTED TIMETABLE

Despatch/Collection of share certificates in respect of wholly or partially successful applications pursuant to the Public Offer on or before⁽⁷⁾ Monday, 12 February

Despatch/Collection of refund cheques in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price payable on application (if applicable) and wholly or partially unsuccessful applications pursuant to the Public Offer on or before⁽⁶⁾⁽⁷⁾ Monday, 12 February

Despatch/Collection of **HK eIPO White Form** e-Auto Refund payment instruction and refund cheques in respect of wholly or partially unsuccessful applications pursuant to the Public Offer on or before⁽⁶⁾⁽⁷⁾ Monday, 12 February

Dealings in Shares on the Stock Exchange expected to commence on..... Tuesday, 13 February

Notes:

1. All times and dates refer to Hong Kong local times and dates unless otherwise stated.
2. You will not be permitted to submit your application through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
3. If there is a “black” rainstorm warning signal or a tropical cyclone warning signal number 8 or above is in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 2 February 2018, the application lists will not open on that day. For further information please refer to the section headed “How to apply for Public Offer Shares — 10. Effect of bad weather on the opening of the application lists” in this prospectus.
4. Applicants who apply by giving electronic application instructions to HKSCC via CCASS should refer to the section headed “How to apply for Public Offer Shares — 5. Applying by giving electronic application instructions to HKSCC via CCASS” in this prospectus.
5. The Price Determination Date is scheduled on Monday, 5 February 2018, (or such other date as may be agreed between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters)). If our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price at 6:00 p.m. on the Price Determination Date (or such other date as may be agreed between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters)), the Share Offer will not proceed and will lapse.
6. Refund cheque(s) will be issued to you, or if you are joint applicants, to the first-named applicant on your Application Form in respect of wholly or partially unsuccessful applications and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the maximum Offer Price payable on application. Part of your Hong Kong Identity Card number/passport number, or, if you are joint applicants, part of the Hong Kong Identity Card number/passport number of the first-named applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your

EXPECTED TIMETABLE

banker may require verification of your Hong Kong Identity Card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong Identity Card number/passport number may lead to a delay in encashment of, or may invalidate, your refund cheque.

7. Applicants who apply on **WHITE** Application Forms for 1,000,000 Shares or more under the Public Offer and have provided all required information may collect refund cheques and (where applicable) share certificates in person 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 Monday, 12 February 2018. Identification and (where applicable) authorisation documents acceptable to the Hong Kong Branch Share Registrar must be produced at the time of collection.

Applicants who apply on **YELLOW** Application Forms for 1,000,000 Shares or more under the Public Offer and have provided all required information may collect their refund cheques (if any) but may not elect to collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedure for collection of refund cheques for applicants who apply on **YELLOW** Application Forms is the same as that for **WHITE** Application Form applicants. Uncollected share certificates and refund cheques (if any) will be despatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms. Further information is set out in the section headed "How to apply for Public Offer Shares — 14. Despatch/Collection of share certificates and refund monies" in this prospectus.

Particulars of the structure of the Share Offer, including the conditions thereto, are set out in the section headed "Structure and conditions of the Share Offer" in this prospectus.

Share certificates will only become valid certificates of title of the Shares to which they relate 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 at any time prior to 8:00 a.m. on the Listing Date. Investors who trade the Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

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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 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 or a solicitation of an offer in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We, the Sole Sponsor, the Sole Bookrunner, 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 and the Application Forms. Any information or representation not contained nor made in this prospectus or the Application Forms must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, any of our/their respective directors, officers, employees, agents or representatives or any other person or party involved in the Share Offer.

Information contained in our website at www.doublegain.hk do not form part of this prospectus.

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SUMMARY

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

BUSINESS OVERVIEW

Our Group is an established construction contractor in Hong Kong founded in 2004, principally engaged in subcontracting works providing RMAA services and building construction services.

Our RMAA services include general upkeep, restoration and improvement of existing facilities and components of buildings and their surroundings; and our building construction services primarily consist of building works and civil works for new buildings such as lift tower, soccer field and walkways. We engaged subcontractors to assist with projects that are generally labour intensive or require specific skill set.

The following table sets forth a breakdown of our revenue and gross profit by dominating type of services provided in our projects during the Track Record Period:

	For the year ended 31 March								For the four months ended 31 July							
	2016				2017				2016				2017			
	HKS'000	% of total revenue	Gross profit HKS'000	Gross profit margin %	HKS'000	% of total revenue	Gross profit HKS'000	Gross profit margin %	HKS'000 (unaudited)	% of total revenue	Gross profit HKS'000 (unaudited)	Gross profit margin %	HKS'000	% of total revenue	Gross profit HKS'000	Gross profit margin %
RMAA services	206,745	80.8	10,441	5.1	379,571	88.2	25,833	6.8	97,903	85.7	5,578	5.7	82,406	84.8	5,712	6.9
Building construction services	49,252	19.2	6,003	12.2	50,953	11.8	6,182	12.1	16,315	14.3	1,966	12.1	14,817	15.2	1,852	12.5
Total/overall	255,997	100.0	16,444	6.4	430,524	100.0	32,015	7.4	114,218	100.0	7,544	6.6	97,223	100.0	7,564	7.8

	For the year ended 31 March								For the four months ended 31 July							
	2016				2017				2016				2017			
	HKS'000	% of total revenue	Gross profit HKS'000	Gross profit margin %	HKS'000	% of total revenue	Gross profit HKS'000	Gross profit margin %	HKS'000 (unaudited)	% of total revenue	Gross profit HKS'000 (unaudited)	Gross profit margin %	HKS'000	% of total revenue	Gross profit HKS'000	Gross profit margin %
Public sector projects	236,462	92.4	14,497	6.1	409,202	95.0	29,975	7.3	98,851	86.5	6,122	6.2	95,535	98.3	7,408	7.8
Private sector projects	19,535	7.6	1,947	10.0	21,322	5.0	2,040	9.6	15,367	13.5	1,422	9.3	1,688	1.7	156	9.2
Total/overall	255,997	100.0	16,444	6.4	430,524	100.0	32,015	7.4	114,218	100.0	7,544	6.6	97,223	100.0	7,564	7.8

Our revenue is all derived from services provided in Hong Kong.

During the Track Record Period and up to the Latest Practicable Date, we had completed 40 projects, which consisted 37 RMAA services projects and three building construction services

SUMMARY

projects. Set forth below are the numbers of our major projects completed, with awarded contract sum over HK\$3.0 million, and the awarded contract sum during the Track Record Period and after the Track Record Period and up to the Latest Practicable Date.

	<u>For the year ended 31 March</u>		<u>For the four months ended 31 July 2017</u>	<u>After the Track Record Period and up to the Latest Practicable Date</u>
	<u>2016</u>	<u>2017</u>		
Number of major projects completed	2	7	2	4
Awarded contract sum of the completed projects (HK\$'000)	6,295	300,364	22,396	456,429

As at the Latest Practicable Date, we had 16 on-going projects (including projects in progress as well as contracts that awarded to us but not yet commenced) with total awarded contract sum of approximately HK\$2,364.6 million, which consisted 14 RMAA services projects (including the five additional RMAA services projects awarded after the Track Record Period) with total awarded contract sum of approximately HK\$1,911.7 million and two building construction services projects with total awarded contract sum of approximately HK\$452.9 million. After the Track Record Period and up to the Latest Practicable Date, we were awarded five additional RMAA services projects including supply and installation of steel staircase and aluminium railing on Hong Kong Island, with total awarded contract sum of approximately HK\$5.8 million.

During the Track Record Period, we secured new businesses mainly through invitation to tender or request for quotation by our customers and we submitted tenders and/or quotations for 31 projects. The following table sets forth the details on the number of tenders and/or quotations provided by our Group and the corresponding success rate in respect of acceptance of our tenders and quotations by our customers during the Track Record Period:

	<u>For the year ended 31 March</u>				<u>For the four months ended 31 July 2017</u>	
	<u>2016</u>		<u>2017</u>			
	<u>Projects Tendered for</u>	<u>Projects with quotation provided</u>	<u>Projects Tendered for</u>	<u>Projects with quotation provided</u>	<u>Projects Tendered for</u>	<u>Projects with quotation provided</u>
Number of projects tendered for/with quotation provided	11	3	8	3	5	1
RMAA services	9	3	6	3	5	1
Building construction services	2	—	2	—	—	—
Number of projects awarded	4	2	3	2	1	1
RMAA services	3	2	2	2	1	1
Building construction services	1	—	1	—	—	—
Success Rate	36.4%	66.7%	37.5%	66.7%	20.0%	100.0%
RMAA services	33.3%	66.7%	33.3%	66.7%	20.0%	100.0%
Building construction services	50.0%	N/A	50.0%	N/A	N/A	N/A

SUMMARY

Our historical success rates may not be reflective of our future success due to our non-discriminatory strategy in submitting tender and providing quotation. For our risk in relation to our success rates, please refer to the section headed “Risk factors — Risks relating to our business” for further details. Historically, our Directors would respond to tender invitations or quotation requests by submitting tenders or providing quotations.

For further details, please refer to the section headed “Business” in this prospectus.

OPERATION

For illustration purpose, a simplified flow diagram of the key operational procedures undertaken by our Group in relation to our services is outlined below:

Project identification



Tendering/Quotation submission (1–4 weeks)

- Tender/quotation review and preparation process
- Submission of tender/quotation proposed and award of contract
- Price determination



Project implementation

- Formation of project team (1–2 weeks)
- Procurement of materials and equipment
- Implementation of works by direct labour and/or delegation of works to our subcontractors (subject to contract term)



Completion of works

- Inspection
- Application for payment and certification

----- Practical completion



Defect liability period (normally 12 months)

----- Return of retention money

PRICING STRATEGY

We generally set our tender and/or quotation price on a project-by-project basis based on the estimated costs to be incurred plus a certain mark-up percentage.

SUMMARY

We estimate the cost of undertaking a project by reference to various factors including but not limited to (i) the estimated number and types of workers required; (ii) the difficulties of the works involved; (iii) the estimated number and types of machines required; (iv) the availability of our manpower and resources; (v) the completion time requested by customers; (vi) material costs; (vii) the need for subcontracting; (viii) the overall cost in undertaking the project; (ix) the past prices offered to the customer; and (x) the prevailing market conditions. If the project is expected to involve the use of subcontractors, we may also obtain subcontractor's preliminary quotation for the estimation of cost. The mark-up percentage may vary from project to project due to (i) the size of the project; (ii) the likelihood of any material deviation of the actual cost from the estimated cost having regard to the types and amount of labours, machineries, consumables, materials and other resources involved in our cost estimations; and (iii) the existence of any other implicit or indirect costs or factors that may be involved in undertaking the project.

CUSTOMERS

During the Track Record Period, our projects included public sector projects as well as private sector projects. Our customers are substantially the main contractors of construction projects in Hong Kong. For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, the percentage of our Group's aggregate turnover attributable to our Group's largest customer was approximately 55.6%, 54.9% and 45.8%, respectively, while the percentage of our Group's total revenue attributable to our five largest customers in aggregate was approximately 93.2%, 93.0% and 96.7%, respectively.

During the Track Record Period, a significant portion of our revenue was derived from public sector projects. For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, revenue derived from public sector projects amounted to approximately HK\$236.5 million, HK\$409.2 million and HK\$95.5 million, representing approximately 92.4%, 95.0% and 98.3% of our total revenue, respectively. All our revenue is derived from services provided in Hong Kong.

SUPPLIERS

Our suppliers primarily supply the following materials or services to us: (i) steel, aluminium, wooden door and glass; (ii) transportation of construction waste; (iii) rental of machinery; and (iv) testing and surveying of the quality of materials. We generally engage our suppliers on a project-by-project basis, therefore we have not entered into any long term agreements with our suppliers. For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, the percentage of our Group's cost of services attributable to our five largest suppliers in aggregate was approximately 7.2%, 3.0% and 3.9% respectively. During the Track Record Period, we had no material shortage of materials. For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, our material costs amounted to approximately HK\$54.8 million, HK\$60.7 million and HK\$13.5 million respectively, representing approximately 22.9%, 15.2% and 15.1% of our cost of services, respectively.

SUMMARY

SUBCONTRACTORS

Subcontracting of works is an usual practice in the Hong Kong construction industry. As the entire process of construction project involves different kinds of works, we may subcontract some of our works as: (i) it may not be cost effective for us to directly undertake each of the works involved; (ii) there are some parts of the project that require specific licence and expertise such as electrical engineering and foundation work; and (iii) we may not have full capacity to undertake contain portions of a project. In addition, subcontractors can provide additional labours with different skills without the need for us to keep them under our employment.

For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, our subcontracting costs amounted to approximately HK\$117.4 million, HK\$236.6 million and HK\$50.5 million, respectively, representing approximately 49.0%, 59.4% and 56.3% of our cost of services, respectively.

For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, the percentage of the total cost of services attributable to our largest subcontractor amounted to approximately 6.1%, 9.8% and 8.4% of the total cost of services respectively, while the percentage of the total cost of services attributable to our five largest subcontractors combined amounted to approximately 14.9%, 24.5% and 29.2% of the total cost of services, respectively. Accordingly, our Directors confirmed that during the Track Record Period, our Group was not dependent on any single subcontractor.

COMPETITIVE STRENGTHS

We believe we have stayed ahead of our competitors by having the following competitive strengths:

- Established track record and reputation in the Hong Kong construction industry
- Long-term relationships with some of our major customers, suppliers and subcontractors
- Experienced and professional management teams
- Commitment and capability to maintain safety standards

BUSINESS STRATEGIES

- Continue to strengthen our market position in the Hong Kong construction industry and expand our market share in Hong Kong
- Further strengthen our manpower

SUMMARY

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:

- Our revenue is mainly derived from projects which are not recurrent in nature and there is no guarantee that our customers will provide us with new businesses or that we will be able to obtain new business after completion of our projects
- We had a concentration of customers during the Track Record Period
- We recorded a net operating cash outflow for the four months ended 31 July 2017 and there can be no assurance that we will not have net cash outflow in the future
- We are reliant on the availability of construction projects from the public and private sectors in Hong Kong
- Cancellation, suspension or delay in the commencement of public sector projects, which may be caused by factors such as political disagreements in relation to such projects, delay in approval of funding proposals due to political objections or legal actions by the affected members of the public, may adversely affect our financial position and results of operation
- Unsatisfactory performance by our subcontractors or unavailability of subcontractors may adversely affect our operation and profitability

A detailed discussion of the risk factors is set forth in the section headed “Risk Factors” in this prospectus, and investors should read the entire section before deciding to invest in the Offer Shares.

LICENCES AND QUALIFICATIONS

Our Group holds various construction related licences and qualifications. As at the Latest Practicable Date, our Group has obtained major licences, qualifications and certifications in Hong Kong from Construction Industry Council, Buildings Department and Electrical and Mechanical Services. Please refer to the section headed “Business — Major qualifications, licences, certifications and compliance” in this prospectus for further details.

NON-COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, our Group had certain non-compliance incidents which our Group had rectified, including (i) our Group having underpaid several ex-employees/employees in their MPF contribution and failed to file and submit to the MPF trustee the year-end bonus payment for several employees; and (ii) our Group having under-reported its assessable profits and filed incorrect profits tax returns for the years of assessment 2013/14 and 2014/15. Please refer to the section headed “Business — Non-compliance” in this prospectus for further details.

SUMMARY

LITIGATION AND CLAIMS

During the Track Record Period and up to the Latest Practicable Date, our Group (i) was convicted of four criminal charges in relation to non-compliances with certain health-related and industrial safety laws and regulations; and (ii) settled one civil claim against us. The four criminal charges comprise of two occasions of failure to take adequate steps to prevent a person on site from falling from a height of 2 metres or more, one occasion for failure to ensure the use by workman of goggles or screens on site and another one occasion for failure to take all reasonable steps to ensure that workman on site wears a suitable safety helmet. The aggregate amount of penalty for the four criminal charges was approximately HK\$34,000. Please refer to the section headed “Business — Litigation and claims” in this prospectus for further details.

During the Track Record Period, and up to the Latest Practicable Date, our Group did not record any work-related accidents or injuries.

SHAREHOLDER INFORMATION

Immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme), our group of Controlling Shareholders will together be entitled to exercise or control the exercise of approximately 56.24% of our Company’s entire issued share capital. For details of our relationship with our Controlling Shareholders, please refer to the section headed “Relationship with Controlling Shareholders” in this prospectus.

On 29 March 2017, a subscription agreement was entered into among Giant Winchain, Wealth-In, Mr. CK Tsang, Mr. MP Tsang and Double Gain, pursuant to which Giant Winchain and Wealth-In subscribed for 3,000 shares and 333 shares of Double Gain at the consideration of HK\$18,000,000 and HK\$2,000,000, respectively. Upon completion of the Pre-IPO Investment, our Company became held as to 22.5% and 2.5% by Giant Winchain and Wealth-In, respectively. Our Directors believe that the Pre-IPO Investors will bring strategic benefits to our Group by providing strategic advice and business connections to our Group’s business. For details on the Pre-IPO Investment and the background of the Pre-IPO Investors, please refer to the section headed “History, corporate structure and Reorganisation — Pre-IPO Investment” in this prospectus.

FINANCIAL INFORMATION

Our combined financial information has been prepared in accordance with HKFRSs.

The following table presents the results of operations of our Group during the Track Record Period, which was derived from the combined statements of profit and loss and other comprehensive income and combined statements of financial positions as set out in the Accountants’ Report in Appendix I to this prospectus.

SUMMARY

Combined statements of profit and loss and other comprehensive income

	For the year ended 31 March		For the four months ended 31 July	
	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Revenue	255,997	430,524	114,218	97,223
Gross profit	16,444	32,015	7,544	7,564
Profit before taxation	13,509	27,992	6,563	1,531
Profit and total comprehensive income for the year/period	11,380	23,626	5,573	706

Our overall revenue increased by approximately HK\$174.5 million or 68.2%, from approximately HK\$256.0 million for the year ended 31 March 2016 to approximately HK\$430.5 million for the year ended 31 March 2017. The increase in our revenue was mainly attributable to the provision of RMAA services. The increase in revenue derived from RMAA services was mainly due to approximately HK\$108.8 million recognised from project A8 for over 160 aided schools in NT east, and approximately HK\$49.9 million recognised from project A9 for over 80 aided schools in NT west which commenced in April 2016.

Our overall revenue decreased by approximately HK\$17.0 million or 14.9%, from approximately HK\$114.2 million for the four months ended 31 July 2016 to approximately HK\$97.2 million for the four months ended 31 July 2017. The decrease in revenue was mainly attributable to the provision of RMAA services. The decrease in revenue derived from RMAA services was mainly attributable to the decrease in revenue recognised for projects R1, R6 and R7 due to completion of the projects before 31 March 2017.

Our overall gross profit increased by approximately HK\$15.6 million or approximately 95.1%, from approximately HK\$16.4 million for the year ended 31 March 2016 to approximately HK\$32.0 million for the year ended 31 March 2017. Such increase was mainly attributable to the increase in the gross profit margin of RMAA services from approximately 5.1% for the year ended 31 March 2016 to approximately 6.8% for the year ended 31 March 2017. The increase was mainly due to relatively lower gross profit margin charged to project A4, which contributed approximately 39.2% of the total revenue recognised for the year ended 31 March 2016, while project A4 contributed approximately 19.9% of the total revenue recognised for the year ended 31 March 2017.

Our overall gross profit increased slightly by approximately HK\$20,000 or approximately 0.3%, from approximately HK\$7.5 million for the four months ended 31 July 2016 to approximately HK\$7.6 million for the four months ended 31 July 2017. Such increase was mainly attributable to the increase in the gross profit margin of RMAA services from approximately 5.7% for the four months ended 31 July 2016 to approximately 6.9% for the four months ended 31 July 2017. The increase was mainly due to relatively lower gross profit margin of project A4, which

SUMMARY

contributed approximately 29.5% of the total revenue recognised for the four months ended 31 July 2016, while project A4 contributed approximately 17.4% of the total revenue recognised for the four months ended 31 July 2017.

As at the Latest Practicable Date, we had 16 projects in our backlog (including projects in progress as well as projects that have been awarded to us but not yet commenced), with total awarded contract sum of approximately HK\$2,364.6 million. Please refer to the section headed “Business — backlog” in this prospectus for further details.

Summary of combined statements of financial position

	As at 31 March		As at 31 July
	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000
Non-current assets	15,554	1,891	2,747
Current assets	54,702	104,333	142,121
Current liabilities	40,398	60,315	77,722
Net current assets	14,304	44,018	64,399
Total assets less current liabilities	29,858	45,909	67,146
Non-current liabilities	914	1,302	1,833
Net assets	28,944	44,607	65,313

Cash flows

The following table sets forth selected cash flows data from our Group’s combined statements of cash flows for the years/periods indicated:

	For the year ended 31 March		For the four months ended 31 July	
	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Operating cash flows before movements in working capital	13,251	27,554	6,438	2,041
Net cash from (used in) operating activities	7,391	14,981	5,311	(15,241)
Net cash used in investing activities	(5,069)	(2,735)	(1,451)	(203)
Net cash (used in) from financing activities	(7,019)	(8,810)	(315)	19,522
Net (decrease) increase in cash and cash equivalents	(4,697)	3,436	3,545	4,078
Cash and cash equivalents at the beginning of the year/period	7,673	2,976	2,976	6,412
Cash and cash equivalents at the end of the year/period	2,976	6,412	6,521	10,490

SUMMARY

Net cash used in operating activities amounted to approximately HK\$15.2 million which was primarily due to the decrease in profit before taxation as a result of the Listing expenses of approximately HK\$3.6 million for the four months ended 31 July 2017, increase in amounts due from customers for contract work of approximately HK\$23.2 million primarily attributable to projects A7 and A9, and the increase in trade and other receivables of approximately HK\$10.5 million primarily due to (i) increase in prepayments to subcontractors on projects A8 and A12; and (ii) increase in retention receivables on (a) project A5 for the release of personal guarantee and (b) progress billing of project A6, partially offset by (i) the increase in trade and other payables of approximately HK\$15.7 million, which was mainly driven by the subcontracting and material costs incurred for projects A6, A7, A8 and A9; and (ii) the increase in amounts due to customers for contract work of approximately HK\$681,000. For our risk in relation to our operating cashflow, please refer to the section headed “Risk factors — Risks relating to our business” for further details.

Key financial ratios

	As at/for the year ended		As at/for the
	31 March		four months
	2016	2017	ended 31 July
			2017
Gross profit margin	6.4%	7.4%	7.8%
Net profit margin before interest and tax	5.3%	6.5%	1.6%
Net profit margin	4.4%	5.5%	0.7%
Return on equity	39.3%	53.0%	3.2%
Return on assets	16.2%	22.2%	1.5%
Current ratio	1.4 times	1.7 times	1.8 times
Gearing ratio	5.0%	4.3%	4.0%
Interest coverage	163.8 times	369.3 times	33.6 times

Please refer to the sections headed “Financial information — Analysis of selected combined statements of financial position items”, “Financial information — Liquidity and capital resources — Cash flows” and “Financial information — Analysis of selected financial ratios” in this prospectus for further details.

RECENT DEVELOPMENTS

As at the Latest Practicable Date, we had 16 on-going projects (including projects in progress as well as contracts that awarded to us but not yet commenced) with total estimated contract sum of approximately HK\$2,364.6 million. Please refer to the section headed “Business — Our projects” in this prospectus for further details.

As at the Latest Practicable Date, all existing projects have continued to contribute revenue to our Group and none of them have had any material interruption.

SUMMARY

Subsequent to the Track Record Period and up to the Latest Practicable Date, we have been secured with five additional RMAA projects with aggregate awarded contract sum of approximately HK\$5.8 million. In October 2017, our Group declared and paid a dividend of approximately HK\$18.4 million to set off against the amounts due from shareholders of our Group. Our Directors consider that there is no material adverse impact on our Group's financial and liquidity position arising out of the dividend payment as our Group will maintain net current assets and net assets positions after payment of the dividend.

Our Directors confirm that, up to the date of this prospectus, save for the impact of Listing expenses, there has been no material adverse change in our financial, operational or trading positions or prospects subsequent to 31 July 2017, being the latest date of our combined financial statements as set out in the Accountants' Report included in Appendix I to this prospectus.

LISTING EXPENSES

Based on the Offer Price of HK\$0.70 (being the mid-point of the Offer Price range stated in this prospectus), estimated Listing expenses in connection with the Share Offer are approximately HK\$21.0 million. Out of the estimated Listing expenses of approximately HK\$21.0 million to be borne by us, approximately HK\$3.6 million was incurred and recognised in profit or loss and approximately HK\$1.1 million was recognised as deferred Listing expenses under trade and other receivables during the four months ended 31 July 2017 and further approximately HK\$10.0 million is expected to incur and to be recognised in profit or loss for the remaining eight months ending 31 March 2018, and approximately HK\$6.3 million is expected to be charged to the reserve of our Group for the year ending 31 March 2018 respectively. The recognition of the Listing expenses is expected to materially affect our financial results for the year ending 31 March 2018. The estimated Listing expenses of our Group are subject to adjustments based on the actual amount of expenses incurred/to be incurred by our Company upon the completion of the Listing.

USE OF PROCEEDS

Our Directors estimate that the net proceeds from the Share Offer (after deducting estimated expenses payable by our Group in connection with the Listing) will be approximately HK\$44.1 million based on a Offer Price of HK\$0.70 per Offer Share (being the mid-point of the Offer Price range between HK\$0.60 and HK\$0.80 per Offer Share). It is at present intended that the net proceeds will be applied as follows:

<u>Amount</u>	<u>Percentage of net proceeds</u>	<u>Purpose</u>
Approximately HK\$21.2 million	48.1%	Recruitment and retention of additional staff
Approximately HK\$16.0 million	36.3%	Acquisition of surety bond
Approximately HK\$2.9 million	6.6%	Purchase of machinery and motor vehicles
Approximately HK\$4.0 million	9.0%	General working capital of our Group

SUMMARY

DIVIDEND

Our Group currently does not have a dividend policy nor any fixed dividend pay-out ratio and may distribute dividends by way of cash or by other means that our Directors consider appropriate.

During the Track Record Period, members of our Group declared and paid dividends of approximately HK\$6.2 million, HK\$8.0 million and nil, respectively. In October 2017, our Group declared and paid a dividend of approximately HK\$18.4 million before Listing to set off against the amounts due from Shareholders of our Group.

Our Directors consider that there is no material adverse impact on our Group's financial and liquidity position arising out of the dividend payment as our Group will maintain net current assets and net assets positions after payment of the dividend.

For further details, please refer to the section headed "Financial information — Dividend" in this prospectus.

SHARE OFFER STATISTICS^{Note 1}

Market capitalisation at Listing	:	HK\$223.2 million to HK\$297.6 million
Shares to be in issue following completion of the Share Offer and Capitalisation issue	:	372,000,000
Offer size	:	93,000,000
Board lot	:	4,000
Offer structure	:	83,700,000 Shares for Placing and 9,300,000 Shares for Public Offer
Unaudited pro forma adjusted combined net tangible assets of our Group attributable to owners of our Company per Share ^{Note 2}	:	HK\$0.28 to HK\$0.33

Notes:

- (1) All statistics in this table does not take into account of any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option or any option that may be granted under the Share Option Scheme, or any Shares which may be issued or repurchased pursuant to our Company general mandate.
- (2) No adjustment has been made to the audited combined net tangible assets of our Group as at 31 July 2017 to reflect any trading results or other transactions of our Group entered into subsequent to 31 July 2017. Had the offset of the dividend of approximately HK\$18,419,000 declared in October 2017 been taken into account, our unaudited pro forma adjusted combined net tangible assets and our unaudited pro forma adjusted combined net tangible assets per Share would decrease to approximately HK\$85,622,000 and HK\$0.23 respectively, based on the Offer Price of HK\$0.6 per Share and 372,000,000 Shares for the Share Offer or to approximately HK\$103,571,000 and HK\$0.28 respectively, based on the Offer Price of HK\$0.8 per Share and 372,000,000 Shares for the Share Offer.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings:

“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s), or where the context so requires, any of them, relating to the Public Offer
“Articles” or “Articles of Association”	the articles of association of our Company conditionally adopted on 23 January 2018 and effective on the Listing Date as amended, modified or supplemented from time to time, a summary of which is set out in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board” or “Board of Directors”	the board of Directors of our Company
“Buildings Department”	the Buildings Department of the Hong Kong Government
“Buildings Ordinance”	the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong), as amended, modified or supplemented from time to time
“business day”	a day (other than a Saturday, and Sunday or public holidays in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the allotment and issue of 278,989,000 Shares to be made upon capitalisation of part of the amount standing to the credit of our share premium account as referred to in the paragraph headed “A. Further information about our Company and our subsidiaries — 3. Written resolutions of our Shareholders” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person permitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person permitted to participate in CCASS as a custodian participant

DEFINITIONS

“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 Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CCASS Participants”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Chun Wo”	Chun Wo Construction & Engineering Co., Limited and Chun Wo Building Construction Limited
“close associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Companies Law”	the Companies Law (as revised) of the Cayman Islands, as amended, modified or supplemented from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, modified or supplemented 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, modified or supplemented from time to time
“Company” or “our Company”	Gain Plus Holdings Limited (德益控股有限公司), a company incorporated as an exempted company with limited liability in the Cayman Islands on 4 July 2017, and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 4 August 2017
“Concert Parties Confirmatory Deed”	the confirmatory deed dated 9 August 2017, entered into by our ultimate Controlling Shareholders, namely Mr. CK Tsang and Mr. MP Tsang to acknowledge and confirm, among other things, that they are parties acting in concert in relation to our Group, details of which are set out in the section headed “History, corporate structure and Reorganisation — Parties acting in concert” in this prospectus
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules

DEFINITIONS

“Construction Industry Council”	a statutory body corporate established under the Construction Industry Council Ordinance (Chapter 587 of the Laws of Hong Kong)
“Controlling Shareholders”	has the meaning ascribed to it under the GEM Listing Rules and unless the context otherwise requires, means Universe King, Great Star, Mr. CK Tsang and Mr. MP Tsang
“core connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Deed of Indemnity”	the deed of indemnity dated 23 January 2018 entered into by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries) as further detailed in the paragraph headed “E. Other information — 1. Tax and other indemnities” in Appendix IV to this prospectus
“Deed of Non-Competition”	the deed of non-competition dated 23 January 2018 entered into by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries) as further detailed in the section headed “Relationship with Controlling Shareholders — Non-competition undertakings” in this prospectus
“Director(s)”	the director(s) of our Company
“Double Gain”	Double Gain Engineering Limited (均增工程有限公司), a company incorporated in Hong Kong with limited liability on 15 December 2004 and has become an indirect wholly-owned subsidiary of our Company on 23 January 2018
“Frost & Sullivan”	Frost & Sullivan Limited, an independent market research agency
“F&S Report”	an independent research report commissioned by our Company and prepared by Frost & Sullivan, contents of which are summarised in the section headed “Industry overview” of this prospectus
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market operated by The Stock Exchange of Hong Kong Limited, as amended, modified or supplemented from time to time

DEFINITIONS

“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended, modified or supplemented from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Giant Winchain”	Giant Winchain Limited, a company incorporated in the BVI with limited liability on 18 January 2016, all the issued shares of which are held by Mr. Lai
“Great Star”	Great Star Investment Group Limited (鼎星投資集團有限公司), a company incorporated in the BVI with limited liability on 24 April 2017, all the issued shares of which are held by Mr. MP Tsang
“ GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider
“Group”, “we”, “our”, “us” or “our Group”	our Company and its subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period before our Company became the holding company of its present subsidiaries pursuant to the Reorganisation
“HKAS”	the Hong Kong Accounting Standards issued by the HKICPA
“HKFRSs”	the Hong Kong Financial Reporting Standards issued by the HKICPA
“HKICPA”	the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“HK eIPO White Form”	the application of the Public Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website at www.hkeipo.hk
“ HK eIPO White Form Service Provider ”	the HK eIPO White Form service provider designated by our Company, as specified on the designated website at www.hkeipo.hk

DEFINITIONS

“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited
“Hong Kong Government”	the Government of Hong Kong
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the GEM Listing Rules) any Directors, chief executive or substantial shareholders of our Company, its subsidiaries or any of their respective associates and not otherwise a connected person of our Company
“Joint Lead Managers”	Head & Shoulders Securities Limited, Innovax Securities Limited, Get Nice Securities Limited and Paragon Securities Limited
“Latest Practicable Date”	22 January 2018, being the latest practicable date prior to the printing of this prospectus for the purposes of ascertaining certain information in this prospectus prior to its publication
“Legal Counsel”	Ms. Kennis Tai, barrister-at-law in Hong Kong and an Independent Third Party
“Listing”	the listing of our Shares on GEM
“Listing Date”	the date, expected to be on or about 13 February 2018, on which dealings in our Shares first commence on GEM
“Listing Division”	the Listing Division of the Stock Exchange (with responsibility for GEM)
“MPF”	the mandatory provident fund under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)
“Memorandum of Association” or “Memorandum”	the memorandum of association of our Company conditionally adopted on 23 January 2018 and effective on the Listing Date as amended, modified or supplemented from time to time
“Mr. CK Tsang”	Mr. Tsang Chiu Kwan, our executive Director, chairman of the Board and one of our Controlling Shareholders
“Mr. Lai”	Mr. Lai Wai Lam Ricky, an ultimate shareholder of our Company

DEFINITIONS

“Mr. MP Tsang”	Mr. Tsang Man Ping, our executive Director, chief executive officer and one of our Controlling Shareholders
“Mr. Wong”	Mr. Wong Tik Kwai, an ultimate shareholder of our Company
“Nation Max”	Nation Max Holdings Limited (興邦控股有限公司), a company incorporated in the BVI with limited liability on 16 May 2017 and has become a direct wholly-owned subsidiary of our Company on 23 January 2018
“NT”	the New Territories of Hong Kong
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK\$0.80 per Offer Share and expected to be not less than HK\$0.60 per Offer Share at which the Offer Shares are to be offered under the Share Offer, to be determined in the manner as set out in the section headed “Structure and conditions of the Share Offer” of this prospectus
“Offer Share(s)”	collectively, the Placing Shares and the Public Offer Shares
“Offer Size Adjustment Option”	the option proposed to be granted by our Company to the Underwriters and exercisable by the Sole Bookrunner (for itself and on behalf of the Underwriters), at its sole and absolute discretion, to require our Company to allot and issue up to an aggregate of 13,950,000 additional Shares, representing 15% of the Offer Shares initially being offered under the Share Offer, at the Offer Price, details of which are described in the section headed “Structure and conditions of the Share Offer — Offer Size Adjustment Option” of this prospectus
“Placing”	the conditional placing by the Placing Underwriter(s) on behalf of our Company of the Placing Shares for cash at the Offer Price, as further described under the section headed “Structure and conditions of the Share Offer” in this prospectus
“Placing Share(s)”	the 83,700,000 Shares being initially offered at the Offer Price by our Company for subscription under the Placing subject to reallocation and the Offer Size Adjustment Option, as described under the section headed “Structure and conditions of the Share Offer” of this prospectus

DEFINITIONS

“Placing Underwriter(s)”	the underwriter(s) that is/are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares
“Placing Underwriting Agreement”	the underwriting agreement expected to be entered into on or around the Price Determination Date by, among others, our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Sole Bookrunner and the Placing Underwriter(s) relating to the Placing
“PRC” or “China”	the People’s Republic of China, for the purpose of this prospectus, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Pre-IPO Investment”	the pre-IPO investment made by the Pre-IPO Investors in our Group, as set out in the section headed “History, corporate structure and Reorganisation — Pre-IPO Investment” in this prospectus
“Pre-IPO Investors”	Giant Winchain and Wealth-In, each a Pre-IPO Investor
“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 Companies (Miscellaneous Provisions) Ordinance
“Price Determination Agreement”	the agreement expected to be entered into between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) on the Price Determination Date to determine the Offer Price
“Price Determination Date”	the date expected to be on or around Monday, 5 February 2018 or such later date or time as may be agreed by the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company, and in any event no later than Friday, 9 February 2018 (or such other date as may be agreed between the Company and the Sole Bookrunner (for itself and on behalf of the Underwriters)), on which the Offer Price will be determined for the purpose of the Share Offer
“Public Offer”	the issue and offer of the Public Offer Shares for subscription in Hong Kong at the Offer Price on and subject to the terms and conditions described in this prospectus and the Application Forms

DEFINITIONS

“Public Offer Shares”	the 9,300,000 Shares (subject to reallocation) initially offered by our Company for subscription in the Public Offer, as described under the section headed “Structure and conditions of the Share Offer” of this prospectus
“Public Offer Underwriters”	the underwriters that are expected to enter into the Public Offer Underwriting Agreement to underwrite the Public Offer Shares
“Public Offer Underwriting Agreement”	the underwriting agreement dated 29 January 2018 entered into among our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Sole Bookrunner and the Public Offer Underwriters relating to the Public Offer
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the corporate reorganisation arrangements implemented by our Group in preparation for the Listing which is more particularly described in the section headed “History, corporate structure and Reorganisation” in this prospectus
“SFC” or “Securities and Futures Commission”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified or supplemented from time to time
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of our Company, which are to be traded in HK dollars and listed on GEM
“Shareholder(s)”	holder(s) of our Share(s)
“Share Offer”	collectively, the Public Offer and the Placing
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 23 January 2018, the principal terms of which are summarised in the paragraph headed “D. Share Option Scheme” in Appendix IV to this prospectus
“Sole Bookrunner”	Head & Shoulders Securities Limited
“Sole Sponsor”	Innovax Capital Limited, a corporation licenced to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, modified and supplemented from time to time
“Track Record Period”	the two financial years ended 31 March 2017 and the four months ended 31 July 2017
“Underwriters”	the Public Offer Underwriters and the Placing Underwriters
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“United States” or “U.S.”	the United States of America
“Universe King”	Universe King International Investment Limited (廣宇國際投資有限公司), a company incorporated in the BVI with limited liability on 25 April 2017, all the issued shares of which are held by Mr. CK Tsang
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States
“Wealth-In”	Wealth-In International Development Limited (富進國際發展有限公司), a company incorporated in the BVI with limited liability on 15 March 2017, all the issued shares of which are held by Mr. Wong
“ 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), to be completed in accordance with the instructions in the section headed “How to apply for Public Offer Shares — 3. Applying for the Public Offer Shares” in this prospectus

DEFINITIONS

“ 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, to be completed in accordance with the instructions in the section headed “How to apply for Public Offer Shares — 3. Applying for the Public Offer Shares” in this prospectus
“%”	per cent

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

All times and dates refer to Hong Kong local time and dates unless otherwise stated.

Unless otherwise specified, all relevant information in this prospectus assumes no exercise of the Offer Size Adjustment Option.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms used in this prospectus in connection with our Company and its business. These terminologies and their given meanings may not correspond to those standard meanings and usage adopted in the industry.

“awarded contract sum”	the original contract sum stated in the letter of acceptance, original tender documents or contract (as applicable), without taking into account any optional items, adjustments due to variation orders and prolongation of the project period
“CAGR”	compounded annual growth rate
“E&M works”	electrical and mechanical works
“private sector project(s)”	construction project(s) that are not public sector project(s)
“project period”	generally refers to the period from the date of the invoice of the first interim payment or purchase order or the date on the commencement letter (as applicable) to the date of completion of our works stipulated on the practical completion certificates or the date on the last invoice of interim payment or purchase order (as applicable)
“public sector project(s)”	construction project(s) originated from the Hong Kong Government, quasi-government entities, charitable organisations and non-private educational institutions
“Registered Minor Works Contractor”	a contractor whose name is entered into the register of minor works contractors, being kept by the Buildings Department
“RMAA”	repair, maintenance, alteration and addition
“Subcontractor Registration Scheme”	Subcontractor Registration Scheme of Construction Industry Council
“variation orders”	order(s) issued by our customers alternating the original scope of work in the form of addition, substitution or omission from the original scope of works

FORWARD-LOOKING STATEMENTS

This prospectus contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to us. When used in this prospectus, the words “aim”, “anticipate”, “believe”, “could”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would”, and the negative forms of these words and other similar expressions, as they relate to our business, are intended to identify forward-looking statements in particular, under the sections headed “Risk Factors”, “Business” and “Financial Information” in this prospectus. Such statements reflect our current views with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business strategies and plans to achieve these strategies;
- general economic conditions;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- our ability to further develop and manage our projects as planned;
- the actions and developments of our competitors; and
- the other factors that are described in the section headed “Risk factors” in this prospectus.

We do not intend to update these forward-looking statements in addition to on-going disclosure obligations pursuant to the GEM Listing Rules or other requirements of the Stock Exchange. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

RISK FACTORS

You should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in the Offer Shares. The business, financial condition or results of operations of our Group could be materially adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Our revenue is mainly derived from projects which are not recurrent in nature and there is no guarantee that our customers will provide us with new businesses or that we will be able to obtain new business after completion of our projects

Our revenue is typically derived from projects which are non-recurrent in nature. During the Track Record Period, we secured new businesses mainly through direct invitation to tender or request for quotation by potential customers.

We generally enter into contract with our customers on a project-by-project basis with contract period of two years during the Track Record Period and do not enter into long-term agreements with our customers and our customers are therefore under no obligation to award new projects to us. As such, there is no guarantee that we will be able to secure new businesses from our existing customers. In addition, there is no guarantee that we will be able to obtain new business when projects in our backlog are completed. Accordingly, the number and scale of projects and the amount of revenue we are able to derive therefrom may vary significantly from period to period, and it may be difficult to forecast the volume of future business.

We had a concentration of customers during the Track Record Period

We generated a significant portion of our revenue from a small number of customers during the Track Record Period. During the Track Record Period, our five largest customers accounted for approximately 93.2%, 93.0% and 96.7% of our revenue, respectively, while our largest customer during the same period accounted for approximately 55.6%, 54.9% and 45.8% of our revenue, respectively. These major customers may continue to account for similar or even higher proportion of our revenue in the future. Please refer to the section headed “Business — Customer concentration” of this prospectus for further details.

In light of the above, we face the risks associated with having a concentration of customers in the future. Furthermore, we do not enter into long-term contracts with our major customers. Upon completion of our contracts on hand with these major customers, if our Group is unable to secure new contracts or has not commenced work for any of our new contracts, our revenue and profitability may be adversely affected. There is no assurance that any of our major customers will continue to engage us as they do currently, or engage us at the same contracting rate or with the same terms. If there is any deterioration in our major customer’s businesses, the projects awarded to us may also decline correspondingly.

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If any of our major customers reduces the projects awarded to us significantly or ceases its business relationship with us, we cannot assure that we would be able to find new customers who will engage us on comparable terms, or at all, in which case our business, operating results and financial condition may be materially and adversely affected. In the event of defaulting payments by any of our major customers, we may be unable to recover significant amounts of receivables and thus our cash flows, business and financial position could be adversely affected.

Our past revenue and profit margin may not be indicative of our future revenue and profit margin and we are reliant on the availability of public sector projects and private sector projects in the construction industry in Hong Kong

For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, our revenue amounted to approximately HK\$256.0 million, HK\$430.5 million and HK\$97.2 million, respectively; our gross profit amounted to approximately HK\$16.4 million, HK\$32.0 million and HK\$7.6 million, respectively; representing gross profit margin of approximately 6.4%, 7.4% and 7.8%, respectively; and our profit and total comprehensive income for the year/period amounted to approximately HK\$11.4 million, HK\$23.6 million and HK\$0.7 million respectively.

However, such trend of historical financial information of our Group is a mere analysis of our past performance and does not have any positive implication or may not necessarily reflect our financial performance in the future which will depend on our capability to control our costs and to secure new businesses which will be affected by various factors, including but not limited to the general economic conditions in Hong Kong. For instance, an economic downturn in Hong Kong, an outbreak of epidemic disease, and/or adverse government policies on the property market in Hong Kong may lead to significant decline in the number of construction projects. Profit margin for our construction services may fluctuate from job to job due to factors such as the type of machineries deployed and the amount of labour resources required. In addition, our expansion plan include the purchase of new machineries and motor vehicles and the recruitment of additional staff. The total costs for recruitment and retaining of additional staff are estimated to be approximately HK\$21.2 million and the total investment in machineries and motor vehicles are estimated to be approximately HK\$2.9 million. Since the investment in machineries and motor vehicles capital expenditures, there would be a resultant increase in our depreciation expenses. The abovementioned increase in staff costs and depreciation expenses may adversely affect the Group's financial performance. Therefore, there is no assurance that our profit margin in the future will remain at a level comparable to those recorded during the Track Record Period. Our financial condition may be adversely affected by any decrease in our profit margin and the additional costs and depreciation expenses in relation to our expansion plan.

Our results of operations are affected by the number and availability of public sector projects and private sector projects in construction industry in Hong Kong, which in turn are affected by various factors, including but not limited to the general economic conditions in Hong Kong, changes in government policies relating to the Hong Kong property markets and the general conditions of the property markets in Hong Kong. For instance, government spending on and the

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number of public sector projects may be affected by factors such as government budgets and town planning. In the event that the availability of construction projects decreases in Hong Kong, our businesses and results of operations may be adversely and materially affected.

We recorded a net operating cash outflow for the four months ended 31 July 2017 and there can be no assurance that we will not have net cash outflow in the future

For the four months ended 31 July 2017, our net cash used in operating activities amounted to approximately HK\$15.2 million. Such amount was primarily due to the decrease in profit before taxation for the four months ended 31 July 2017 as a result of (i) the non-recurring Listing expenses of approximately HK\$3.6 million; (ii) increase in amounts due from customers for contract work of approximately HK\$23.2 million primarily attributable to projects A7 and A9; and (iii) the increase in trade and other receivables of approximately HK\$10.5 million. Please refer to the section headed “Financial Information — Cash flows — Net cash generated from (used in) operating activities” in this prospectus for further details.

The fluctuation in our operating cashflow over the Track Record Period resulted from a number of business activities of our Group such as the increase in trade and other receivables to our customers and the increase in trade and other payables to our subcontractors and suppliers. We cannot guarantee that prospective business activities of our Group and/or other matter beyond our control (such as market competition and changes to the macroeconomic environment) will not adversely affect our operating cashflow and lead to net operating cash outflows in the future.

If we have a net operating cash outflow in the future, we may not have sufficient working capital to cover our operating costs, and our business, financial position and results of operations may be materially and adversely affected.

There is no assurance that we will succeed in the tender process to maintain our historical success rates

Our major contracts are generally obtained through the tender process. Our success rates for tender and quotation were approximately 42.9%, 45.5% and 33.3% for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017 respectively. However, our contracts were awarded on a project-by-project basis. As such, there is no guarantee that we will be able to maintain the tender success rate. In addition, historically our Directors would respond to tender invitations or quotations requests by submitting tenders or providing quotations irrespective of the likelihood of being awarded the projects as long as the projects match our scope of services. Our historical success rates may not be reflective of our future success submitting tender and providing quotation.

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Cancellation, suspension or delay in the commencement of public sector projects, which may be caused by factors such as political disagreements in relation to such projects, delay in approval of funding proposals due to political objections or legal actions by the affected members of the public, may adversely affect our financial position and results of operation

For the years ended 31 March 2016 and 2017 and four months ended 31 July 2017, most of our revenue was derived from public sector projects in Hong Kong. The cancellation or delay in commencement of public sector projects may result in decrease in number of public sector projects awarded to us, whereas the suspension of public sector projects may cause disruption to the progress of our on going public sector projects. In either case, the demand for our services would be adversely affected.

Cancellation, suspension or delay in the commencement of public sector projects may be caused by, among other things, political disagreements in relation to such projects, delay in approval of the funding proposals for public sector works due to political objections by law-makers and/or protests or legal actions by affected individuals or entities. Our engagements in public sector projects depend on the timing of the funding approval by the committees of the Legislative Council of Hong Kong in which delays in the passing of public sector works funding proposals have occurred in recent years.

The cancellation, suspension or delay in the commencement of public sector projects may affect our results of operation if we are not able to secure new businesses from private sector projects at the same or similar level to offset the potential decrease in revenue derived from public sector projects. In addition, the uncertainty on the commencement of the relevant public sector projects also make it more difficult for us to make accurate planning for the demand, deployment of our machineries and labour resources, which may adversely affect our operations and financial performance.

Our business is subject to the risk of cost overrun and project extension or delay

In pricing a tender or quotation, we are required to estimate the project costs based on various factors such as (i) the estimated number and types of workers required; (ii) the difficulties of the works involved; (iii) the estimated number and types of machines required; (iv) the availability of our manpower and resources; (v) the completion time requested by customers; (vi) material costs; (vii) the need for subcontracting; (viii) the past prices offered to the customer; and (ix) the prevailing market conditions. Any deviation between the estimated cost by the time we submit the tenders or quotations and the actual costs to complete the projects may adversely affect our financial performance and profitability. For instance, if the actual progress of a project was slower than we anticipated, or if there is any delay or extension in the project schedule of our customers, we may have to engage subcontractors and/or lease the required machineries for a longer period, and hence the amounts of subcontracting fees or machinery rental cost incurred may exceed our estimation. In addition, the actual amount of work and costs involved in completing a project may also be adversely affected by numerous factors including adverse weather conditions, accidents, breakdown of machinery and equipment, unforeseen site conditions such as limited spaces that hindered the use of certain machinery and other unforeseen circumstances. Any material and

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inaccurate estimation of the work and costs involved in a project may adversely affect our profit margin and results of operations. There is no assurance that we would not experience cost overrun and project extension or delay, which may in turn adversely affect our profit margin and operating results.

In addition, our business operations are affected by adverse weather conditions. If adverse weather conditions persist or natural disaster occurs, we may be prevented from performing works at our construction sites, and we thereby fail to meet specified time schedule. If we have to halt operations during adverse weather conditions or natural disaster, we may continue to incur operating expenses even while we experience reduced revenues and profitability. Besides, our business is subject to outbreak of severe communicable diseases (such as swine flu, avian flu, severe respiratory syndrome and Ebola virus disease), natural disasters or other acts of God which are beyond our control. These incidents may also adversely affect the economy, infrastructure, livelihood and society in Hong Kong. Acts of wars and terrorism may also injure our employees, cause loss of lives, damage our facilities, disrupt our operations and destroy our works performed. If any such incident occurs, our revenue, costs, financial conditions and growth potentials will be adversely affected. It is also difficult to predict the potential effect of these incidents and their materiality to our business as well as those of our customers, suppliers and subcontractors.

Our Group's liquidity and financial position may be adversely affected if our customers default in, or delay, their payment obligations

Our Group generally prepares payment application which sets out the amount and corresponding value of work performed by our Group to apply for progress payment from our customers. In addition, our customers may also hold retention monies from the progress payment. During the Track Record Period, our customers are mainly main contractors and some of them may be subject to credit risks of their customers and financial risks of inaccurate budgeting in their projects, or the projects being delayed or terminated. As a result, our Group may encounter difficulties in collecting payments from those customers who are having financial difficulties or delayed projects. During the Track Record Period, our trade receivables turnover days were approximately 29 days, 24 days and 45 days for the years ended 31 March 2016 and 2017 and for the four months ended 31 July 2017, respectively. Our Directors confirmed that the increase in trade receivables turnover days as at 31 July 2017 was not due to our customers default in, or delay, their payment obligations. The increase in trade receivables turnover days as at 31 July 2017 as compared to 31 March 2017 due to revenue recognised of approximately HK\$16.3 million on projects A3, A4, A8 and A9 which was subsequently settled in August 2017. The Group only recorded a significant portion of revenue as compared to the total revenue for the whole corresponding year/period, in the last month of the four months ended 31 July 2017, namely the month ended 31 July 2017, among the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017. Please refer to the section headed "Financial information — Trade and other receivables — Trade receivables turnover days" in this prospectus for further details. There is no assurance that our customers in the future will not subsequently default in, or delay, their payment

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obligations. In the event that our Group's customers default in all or a substantial portion of their payment obligations to our Group, our Group's financial condition may be materially and adversely affected.

Our pricing is subject to competition from our competitors

Our pricing is subject to competition from our competitors. We generally set our tender and/or quotation price based on the estimated costs to be incurred plus a certain mark-up margin. If we set a significant mark-up margin in our pricing, our quotation or tender may become uncompetitive. There is no assurance that we will always be able to price our tender competitively, and if we fail to do so, our customers may opt for our competitors, thereby resulting in a decrease in the number of projects awarded to us.

Our Group's business could be affected by the fluctuation in the price of materials

Materials costs represent a significant portion of our cost of services. During the Track Record Period, materials costs amounted to approximately HK\$54.8 million, HK\$60.7 million and HK\$13.5 million, respectively, representing approximately 22.9%, 15.2% and 15.1% of our cost of services, respectively. We generally prepare tender proposals and quotation based on our estimated project costs in accordance with the tender documents or quotation requests provided to us. However, the actual material costs will not be determined, until after we have entered into agreements with our suppliers. Accordingly, any material fluctuations in the materials costs between the time we submit the tender or provide the quotation and the time we make order for materials may affect our profitability.

Unsatisfactory performance by our subcontractors or unavailability of subcontractors may adversely affect our operation and profitability

In line with the usual practice of the construction industry in Hong Kong, we do not maintain a large workforce of skilled labour in different specialised areas and semi-skilled labour. To maximise our cost efficiency and flexibility, and to utilise the expertise of other properly qualified specialist contractors, we engage third party subcontractors to perform a portion of the works under our contracts. For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, our subcontracting costs amounted to approximately HK\$117.4 million, HK\$236.6 million and HK\$50.5 million, respectively, representing approximately 49.0%, 59.4% and 56.3% of our cost of services, respectively. During the Track Record Period, our five largest subcontractors accounted for approximately 14.9%, 24.5% and 29.2% of our total cost of services, respectively.

Sometimes, we may not be able to monitor the performance of these subcontractors as directly and efficiently as with our own staff. In addition, our inability to hire qualified subcontractors could hinder our ability to complete a project successfully.

Outsourcing exposes us to risks associated with non-performance, delayed performance or substandard performance by our subcontractors. Accordingly, we may experience deterioration in the quality or delivery of our projects. We may also incur additional costs due to the delays or a

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higher price in sourcing the services, equipment or supplies in default. We may be liable for our subcontractor's performance. These events may have impact upon our profitability, financial performance and reputation, as well as result in litigation or damage claims.

Our subcontractors may be exposed to charges in relation to violation of safety, environmental and/or employment laws and regulations which may affect their renewal of relevant licence or may even lead to revocation of their licences. If this happens in our projects, we will have to appoint another subcontractor(s) for replacement and thus additional costs may be incurred.

In addition, there is no assurance that our Group will always be able to secure suitable subcontractors when required, or be able to negotiate acceptable fees and terms of service with subcontractors. In such event, our operation and financial position may be adversely affected.

Our Group's success significantly depends on our Directors, our senior management team and certain key personnel and our ability to attract and retain additional technical and management staff

Our Group's success depends on our ability to identify, hire, train and retain suitable, skilled and qualified employees, including management personnel with the requisite industry expertise. Further, our continued growth is also subject to a number of factors, one of which is the contribution by our key personnel. Our executive Directors are particularly important to us, with Mr. CK Tsang and Mr. MP Tsang possessing over 14 years of experience in the construction industry. Further information about their experience is set out in the section headed "Directors, senior management and employees" in this prospectus. If any of our executive Directors or senior management members ceases to be involved in the management of our Group in the future and our Group is unable to find suitable replacement in a timely manner, there could be an adverse impact on the business, results of operations and profitability of our Group.

Personal injuries, property damages or fatal accidents may occur if safety measures are not followed at our construction sites

In the course of our operations, we require our employees to adhere to and implement all the safety measures and procedures as stipulated in the safety handbooks issued by Labour Department and Work Bureau. For details, please refer to the section headed "Business — Occupational health and safety" in this prospectus. We monitor and supervise our employees in the implementation of all such safety measures and procedures during execution of works. However, we cannot guarantee that our employees or those of our subcontractors will not violate applicable rules, laws or regulations. If any such employees fail to implement safety measures at our construction sites, personal injuries, property damage or fatal accidents may occur in greater number and/or to a serious extent. These may adversely affect the financial position of our Group to the extent not fully recoverable from our insurance policies. They may also cause our relevant qualifications or licences to be suspended or not renewed.

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Industrial actions or strikes may affect our business

Typical construction works are divided into various disciplines, and each requires highly specialised labour. Industrial action of any one discipline may disrupt the progress of our RMAA services and building construction services. During the Track Record Period, our RMAA and building construction services projects did not encounter any industrial action or strike. However, there is no assurance that industrial actions or strikes will not be launched in the future. Such industrial actions or strikes may adversely impact our business performance and hence profitability and results of operation. Any delays in our construction works caused by such action may also be taken into consideration by the Hong Kong Government and thus will have impact on us securing future tenders.

We may be involved in disputes or legal proceedings as a result of non-compliance with statutory regulations

Non-compliance with the statutory regulations may lead us to be subjected to legal proceedings or unfavourable decrees that may result in liabilities. Our Group may also be involved in disputes, legal proceedings in relation to any act of negligence, error or omission committed by our employees and/or any delay in the completion of our projects. The occurrence of any of the above may have material adverse impact on our business prospects, as well as our financial and operational position.

We are exposed to claims arising from latent defects liability

We do not maintain any defects liability insurance and we may face claims arising from latent defects that are existing but not yet active, developed or visible, found in the works which are constructed by us. If there is any significant claim against us for defects liability of any default or failure of our services by our customers or other party, our profitability may be adversely affected. If any defect is claimed under the defect liability period, the amount claimed by our customers or rectification costs on the defects incurred by us will be charged to profit or loss and deducted against the retention money withheld by our customers (i.e. retention receivable) when those costs are incurred. During the Track Record Period, our retention receivables amounted to approximately HK\$4.0 million, HK\$4.6 million and HK\$8.0 million for the years ended 31 March 2016 and 2017 and for the four months ended 31 July 2017, respectively. If the defect is found and claimed by our customers after the defect liability period, we will assess the possible obligation arising from the claim. Such obligation will be recognised as liability in the statement of financial position if the obligation is considered highly probable and the obliged amount can be reliably measured. Otherwise, such claim will be disclosed as contingent liability.

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We are subject to environmental liability

Our business is subject to the environmental regulations and guidelines issued by the Hong Kong Government, which apply to the operation of all construction projects in Hong Kong. Such regulations and guidelines may be amended by the Hong Kong Government from time to time to reflect the latest environmental needs. Any changes to such regulations and guidelines could impose additional cost and burden to us.

Our business plans and strategies may not be successful or achieved within the expected time frame or within the estimated budget

We intend to further enhance our manpower in order to cope with the expected increase in demand for our services. However, our plans and strategies may be hindered by risks including but not limited to those mentioned elsewhere in this section. There is no assurance that we will be able to successfully maintain or increase our market share or grow our business successfully after deploying our management and financial resources. Any failure in maintaining our current market position or implementing our plans could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

Our performance depends on market conditions and trends in the construction industry and in the overall economy

Our businesses and operations have been and is expected to continue to be located in Hong Kong. The future growth and level of profitability of the construction industry in Hong Kong depend primarily upon the continued availability of large construction projects. The nature, extent and timing of such projects will, however, be determined by the interplay of a variety of factors. These factors include, in particular, the Hong Kong Government's spending patterns on the construction industry and its land supply and public housing and public facilities policies, speed of approval of the relevant budgets and/or projects, the investment of property developers and the general conditions and prospects of the Hong Kong economy. They may affect the availability of construction projects from the public sector, private sector or institutional bodies. Apart from the public spending of the Hong Kong Government, other factors also affect the construction industry. These other factors include cyclical trends in the economy as a whole, fluctuations in interest rates and the availability of new projects in the private sector. If there is any recurrence of recession in Hong Kong, deflation or any changes in Hong Kong's currency policy, or if the demand for construction services in Hong Kong deteriorates, our operations and profitability could be adversely affected.

We operate in a relatively competitive environment

The construction industry in Hong Kong has many participants and is competitive. Some of the major market players have significantly more resources and are more well-positioned than our Group, including having long operating history, better financing capabilities and well developed,

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technical expertise. New participants may wish to enter the industry provided that they have the appropriate skills, local experience, necessary machinery and equipment, capital and they are granted the requisite licences or approvals by the relevant regulatory bodies. Increased competition may result in lower operating margins and loss of market share, which may adversely affect our profitability and operating results.

We need to maintain our qualifications and licences for the operation of our construction business

We are required to maintain operating qualifications and licences to conduct our construction business. Please refer to the section headed “Business — Major qualifications, licences, certifications and compliance” in this prospectus for further details. To maintain such qualifications and licences, we must comply with the regulations and conditions imposed by various Hong Kong Government departments. Please see the section headed “Regulatory overview” in this prospectus for additional information.

If we fail to comply with any of these regulations, our qualifications and licences could be temporarily suspended or even revoked, or the renewal of our qualifications and licences upon expiry may be delayed or refused. In such event, our capability to undertake relevant works may be directly impacted, and our turnover and profits may be adversely affected.

In addition, certain qualifications and/or licences may require our Company to maintain a minimum number of technical director and/or authorised signatory. There is no assurance that the existing authorised signatories or technical directors of our Company will not resign or otherwise cease to serve our Company in the future. In such event, if we are unable to locate suitable replacement of qualified personnel in a timely manner, we may not be able to maintain such qualification and/or licence, which will in turn have a material and adverse impact on our business, financial positions and prospect.

Construction litigation and disputes may adversely affect our Group’s performance

Owing to the nature of our business, we are exposed to the risks of getting into disputes with our customers, subcontractors, staff and other parties concerned with our projects of various reasons. Such disputes may be in connection with the delivery of substandard works, late completions of works, labour compensations or personal injuries in relation to the works.

Our management’s attention and internal resources may be significantly diverted for the handling of such contractual disputes, litigations and other legal proceedings, which can be both costly and time consuming. Regardless of the merits of the case, these disputes may damage our relationship with the relevant customers, suppliers, subcontractors or staff, which may affect our reputation in the construction industry, thus adversely affect our business operations, financial results and profitability.

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We are exposed to certain types of liabilities that may not be fully covered by our insurance or generally not insured against and our insurance premium may increase from time to time

We have taken out insurance policies in line with industry practice, which are also generally required by our customers to cover our business operations. However, our insurance plans may not fully cover all the potential losses incurred from damages or liabilities in relation to our services provided. In addition, there are certain types of losses for which insurance coverage is not generally available on commercial terms acceptable to us, or at all. Examples of these include the insurance against losses suffered due to business interruptions, earthquakes, flooding or other natural disasters, wars, terrorist attacks or civil disorders, or losses or damages caused by industrial actions.

If we suffer any losses, damages or liabilities in the course of our business operations arising from events for which we do not have any or adequate insurance covers, we may have to bear such losses, damages or liabilities ourselves. In such cases, our business operations and financial results may be adversely affected. Even if we have insurance policies, our insurers may not fully compensate us for all potential losses, damages or liabilities regarding our properties or our business operations.

We also cannot guarantee that the insurance premiums payable by us will not increase in future. For the years ended 31 March 2016 and 31 March 2017 and the four months ended 31 July 2017, our total insurance expenses amounted to approximately HK\$3.0 million, HK\$5.6 million and HK\$809,000 respectively. Any further increases in insurance costs (such as an increase in insurance premiums) or reductions in insurance coverage may materially and adversely affect our business operations and financial results.

There is no assurance that competition in the industry will not increase in the future

We mainly compete with other RMAA and building construction services providers for new businesses. There is no assurance that competition in the industry will not increase in the future. Increased competition may result in an adverse impact on our business and financial positions and prospects.

RISKS RELATING TO HONG KONG

The state of economy in Hong Kong

Our performance and financial conditions depend on the state of economy in Hong Kong. Our revenue attributable to the Hong Kong market accounted for all of our Group's total revenue during the Track Record Period. If there is a downturn in the economy of Hong Kong, our results of operations and financial position may be adversely affected. In addition to economic factors, social unrest or civil movements such as occupation activities may also affect the state of economy in Hong Kong and in such case, our Group's operations and financial position may also be adversely affected.

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The state of political environment in Hong Kong

Hong Kong is a special administrative region of the PRC. It enjoys a high degree of autonomy under the principle of “one country, two systems” in accordance with the Basic Law of Hong Kong. However, we are not in any position to guarantee the “one country, two systems” principle and the level of autonomy would be maintained as currently in place. Since our primary operations are substantially located in Hong Kong, any change of Hong Kong’s existing political environment may affect the stability of the economy in Hong Kong, thereby affecting our results of operations and financial positions.

RISKS RELATING TO THE SHARE OFFER AND OUR SHARES

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

Prior to the Listing, there is no public market for the Shares. The Listing of, and the permission to deal in, the Shares on the Stock Exchange do not guarantee the development of an active public market or the sustainability thereof following completion of the Share Offer. Factors such as variations in our Group’s revenues, earnings and cash flows, acquisitions made by our Group or its competitors, industrial or environmental accidents suffered by our Group, loss of key personnel, litigation, fluctuations in the market prices for our services, materials or labours, the liquidity of the market for the Shares, or the general market sentiment regarding the industry in which we operate could cause the market price and trading volume of the Shares to change substantially. In addition, both the market price and liquidity of the Shares could be adversely affected by factors beyond our Group’s control and unrelated to the performance of our Group’s business, especially if the financial market in Hong Kong experiences a significant price and volume fluctuation. In such cases, investors may not be able to sell their Shares at or above the Offer Price.

Investors may experience dilution if we issue additional Shares in the future

Our Company may issue additional Shares upon exercise of options to be granted under the Share Option Scheme in the future. The increase in the number of Shares outstanding after the issue would result in the reduction in the percentage ownership of the Shareholders and may result in a dilution in the earnings per Share and net asset value per Share.

In addition, we may need to raise additional funds in the future to finance business expansion or new development and 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 the existing Shareholders, the shareholding of such Shareholders in our Company may be reduced or such new securities may confer rights and privileges that take priority over those conferred by the Offer Shares.

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Any disposal by our Controlling Shareholders of a substantial number of Shares in the public market could materially and adversely affect the market price of the Shares

There is no guarantee that our Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the Listing. Our Group cannot predict the effect, if any, of any future sales of the Shares by any of our Controlling Shareholders, or that the availability of the Shares for sale by any of our Controlling Shareholders may have on the market price of the Shares. Sales of a substantial number of Shares by any of our Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing market price of the Shares.

Investors may experience difficulties in enforcing their shareholders' rights because our Company is incorporated in the Cayman Islands, and the protection to minority shareholders under the Cayman Islands law may be different from that under the laws of Hong Kong or other jurisdictions

Our Company is incorporated in the Cayman Islands and its affairs are governed by the Articles, the Companies Law and common law applicable in the Cayman Islands. The laws of the Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located. As a result, minority Shareholders may not enjoy the same rights as pursuant to the laws of Hong Kong or such other jurisdictions. A summary of the Cayman Islands company law on protection of minorities is set out in the section headed "Summary of the constitution of our Company and Cayman Islands Company Law" in Appendix III to this prospectus.

Future issues, offers or sale of Shares may adversely affect the prevailing market price of the Shares

Prevailing market price of Shares may, after the Listing, be negatively impacted by future issue of Shares by our Company or the disposal of Shares by any of its Shareholders or the perception that such issue or sale may occur. The Shares held by the Controlling Shareholders are subject to certain lock-up undertakings for periods up to 12 months after the Listing Date. We cannot give any assurance that they will not dispose of Shares they may own now or in the future.

RISKS RELATING TO STATEMENTS MADE IN THIS PROSPECTUS

Statistics and industry information contained in this prospectus may not be accurate and should not be unduly relied upon

Certain facts, statistics and data presented in the section "Industry overview" and elsewhere in this prospectus relating to the industry in which we operate have been derived, in part, from various publications and industry-related sources prepared by government officials or independent third parties. In addition, certain information and statistics set forth in this prospectus have been extracted from a market research report commissioned by us and prepared by Frost & Sullivan, an independent market research agency. Our Company believes that the sources of the information are appropriate sources for such information, and the Sole Sponsor and our Directors have taken

RISK FACTORS

reasonable care to extract and reproduce the publications and industry-related sources in this prospectus. In addition, our Company has no reason to believe that such information is false or misleading or that any fact that would render such information false or misleading has been omitted. However, neither our Group, our Directors, the Sole Sponsor, nor any parties involved in the Share Offer have independently verified, or make any representation as to, the accuracy of such information and statistics. It cannot be assured that statistics derived from such sources will be prepared on a comparable basis or that such information and statistics will be stated or prepared at the same standard or level of accuracy as, or consistent with, those in other publications within or outside Hong Kong. Accordingly, such information and statistics may not be accurate and should not be unduly relied upon.

Our Group's future results could differ materially from those expressed or implied by the forward-looking statements

Included in this prospectus are various forward-looking statements that are based on various assumptions. Our Group's future results could differ materially from those expressed or implied by such forward-looking statements. For details of these statements and the associated risks, please refer to the section headed "Forward-looking statements" in this prospectus.

Investors should read this entire prospectus carefully and we strongly caution you not to place any reliance on any information (if any) contained in press articles or other media regarding us and the Share Offer including, in particular, any financial projections, valuations or other forward looking statement

Prior to the publication of this prospectus, there may be press or other media, which contains certain information referring to us and the Share Offer that is not set out in this prospectus. We wish to emphasise to potential investors that neither we nor any of the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Underwriters, our directors, officers, employees, advisers, agents or representatives of any of them, or any other parties (collectively, the "Professional Parties") involved in the Share Offer has authorised the disclosure of such information in any press or media, and neither the press reports, any future press reports nor any repetition, elaboration or derivative work were prepared by, sourced from, or authorised by us or any of the Professional Parties. Neither we nor any Professional Parties accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is not contained in this prospectus or is inconsistent or conflicts with the information contained in this prospectus, we disclaim any responsibility, liability whatsoever in connection therewith or resulting therefrom. Accordingly, prospective investors should not rely on any such information in making your decision as to whether to subscribe for the Offer Shares. You should only rely on the information contained in this prospectus and the Application Forms.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes 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 purpose of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, (i) the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement in this prospectus misleading; and (iii) all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are considered fair and reasonable.

INFORMATION ON THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Share Offer or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by us, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Share Offer.

Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure of the Share Offer" in this prospectus, the procedures for applying for Public Offer Shares are set out in the section headed "How to apply for Public Offer Shares" in this prospectus and in the relevant Application Forms.

UNDERWRITING

This prospectus is published solely in connection with the Share Offer which is sponsored by the Sole Sponsor and managed by the Sole Bookrunner (for itself and on behalf of the Underwriters). The Share Offer is fully underwritten by the Underwriters under the terms and conditions of the Underwriting Agreements. The Placing Underwriting Agreement relating to the Placing is expected to be entered on or around the Price Determination Date, subject to agreement on pricing of the Offer Shares between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters). The Share Offer is managed by the Sole Bookrunner. Further information relating to the Public Offer Underwriters and the Share Offer and the underwriting arrangements is set out in the section headed "Underwriting" in this prospectus. If, for any reason, the Offer Price is not agreed, the Share Offer will not proceed and will lapse.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined in Hong Kong dollars by our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) on the Price Determination Date. For full information relating to the determination of the Offer Price, please refer to the section headed “Structure and conditions of the Share Offer” in this prospectus.

SELLING RESTRICTIONS

Each person acquiring the Offer Shares will be required to confirm, or be deemed by his or her acquisition of Offer Shares to confirm, that he or she is aware of the restrictions on offers of the Offer Shares described in this prospectus.

As at the Latest Practicable Date, no action has been taken in any jurisdiction other than Hong Kong to permit the offering of the Offer Shares or the distribution of this prospectus. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances 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 the applicable laws or any applicable rules and regulations of such institutions pursuant to registration with or authorisation by relevant regulatory authorities as an exemption therefrom.

The Offer Shares are offered for subscription 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 in this prospectus must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents, affiliates or representatives of any of them or any other persons or parties involved in the Share Offer.

APPLICATION FOR LISTING ON GEM

Application has been made to the Listing Division for the listing of, and permission to deal in, on GEM, our Shares in issue and to be issued pursuant to the Share Offer and the Capitalisation Issue and upon the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme.

No part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or, is proposed to being sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if permission for our 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 application

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

lists 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, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of the issued share capital of our Company in the hands of the public. Not less than 25% of our Company’s enlarged issued share capital will be in the hands of the public immediately following the completion of the Capitalisation Issue and the Share Offer and upon Listing assuming the Offer Size Adjustment Option and any options that may be granted under the Share Option Scheme are not exercised.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors for the Offer Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of the subscription for, holding of, purchasing of, disposal of or dealing in, our Shares or the exercising their rights thereunder. It is emphasised that none of our Company, our Directors, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Underwriters, their respective directors, officers, employees, agents, affiliates or representatives of any of them or any other persons or parties involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, holding of, purchasing of, disposal of or dealing in, our Shares or the exercising their rights thereunder.

REGISTER OF MEMBERS AND STAMP DUTY

All our Shares will be registered on the Hong Kong branch register of members of our Company in Hong Kong in order to enable them to be traded on GEM. Only our Shares registered on the branch register of members maintained in Hong Kong may be traded on GEM, unless the Stock Exchange otherwise agrees. Dealings in our Shares registered on the branch register of members maintained in Hong Kong will be subject to Hong Kong stamp duty. Unless determined otherwise by our Company, dividends payable in HK Dollars in respect of the Shares will be paid by cheque sent at the Shareholder’s risk to the registered address of each Shareholder or in the case of joint holders, the first named Shareholder.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, our Shares in issue and to be issued on GEM and the compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or, under contingent situation, 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.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

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 our 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 adviser.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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” in this prospectus.

COMMENCEMENT OF DEALINGS IN OUR SHARES

Dealings in our Shares on GEM are expected to commence at 9:00 a.m. on Tuesday, 13 February 2018. Shares will be traded in board lots of 4,000 Shares each. The stock code for our Shares is 8522.

Our Company will not issue any temporary document of title.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. As a result, any discrepancies in any table or chart set out in this prospectus between totals and sums of individual amounts listed therein are due to rounding. Where information is presented in thousands or millions of units, amounts may have been rounded up or down.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

<u>Name</u>	<u>Residential Address</u>	<u>Nationality</u>
<i>Executive Directors</i>		
Mr. Tsang Chiu Kwan (曾昭群先生)	2/F No. 79 San Uk Ka Village Tai Po, the New Territories Hong Kong	Chinese
Mr. Tsang Man Ping (曾文兵先生)	G/F No. 337 Ma Tin Tsuen Yuen Long, the New Territories Hong Kong	Chinese
Mr. Lee Alexander Patrick (李明鴻先生)	Flat 1A, Linden Height 11 Boyce Road, Jardine's Lookout Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Mr. So Chun Man (蘇俊文先生)	Room A, 21/F King Tien Mansion, Taikoo Shing No. 18D Taikoo Shing Road Hong Kong	Chinese
Mr. Chen Yeung Tak (陳仰德先生)	Room A, 4/F Mayfair Gardens 10 Sau Chuk Yuen Road, Kowloon Tong Hong Kong	Chinese
Ms. Li Amanda Ching Man (李靜文女士)	Unit 1408, Block C Villa Lotto 18 Broadwood Road, 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" in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor

Innovax Capital Limited

A licenced corporation under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities

Room 2002
20/F Chinachem Century Tower
178 Gloucester Road
Wan Chai
Hong Kong

Sole Bookrunner

Head & Shoulders Securities Limited

A licenced corporation under the SFO to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities

Room 2511
25/F Cosco Tower
183 Queen's Road Central
Hong Kong

Joint Lead Managers

Head & Shoulders Securities Limited

A licenced corporation under the SFO to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities

Room 2511
25/F Cosco Tower
183 Queen's Road Central
Hong Kong

Innovax Securities Limited

A licenced corporation under the SFO to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities

Unit A-C, 20/F
Neich Tower
128 Gloucester Road
Wan Chai
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Get Nice Securities Limited

A licenced corporation under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities

10/F Cosco Tower

Grand Millennium Plaza

183 Queen's Road Central

Hong Kong

Paragon Securities Limited

A licenced corporation under the SFO to carry out type 1 (dealing in securities) regulated activities

Unit 7, 11th Floor, Emperor Group Centre

288 Hennessy Road

Wan Chai

Hong Kong

Underwriters

Head & Shoulders Securities Limited

A licenced corporation under the SFO to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities

Room 2511

25/F Cosco Tower

183 Queen's Road Central

Hong Kong

Innovax Securities Limited

A licenced corporation under the SFO to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities

Unit A-C, 20/F

Neich Tower

128 Gloucester Road

Wan Chai

Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Get Nice Securities Limited

A licenced corporation under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities

10/F Cosco Tower
Grand Millennium Plaza
183 Queen's Road Central
Hong Kong

Paragon Securities Limited

A licenced corporation under the SFO to carry out type 1 (dealing in securities) regulated activities

Unit 7, 11th Floor, Emperor Group Centre
288 Hennessy Road
Wan Chai
Hong Kong

Legal advisers to the Company

As to Hong Kong law

Hastings & Co.

Solicitors, Hong Kong
5/F., Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

Ms. Kennis Tai

Barrister-at-law, Hong Kong
14th Floor, Tower One
Lippo Centre, 89 Queensway
Admiralty
Hong Kong

As to Cayman Islands law

Appleby

Cayman Islands attorneys-at-law
2206-19 Jardine House
1 Connaught Place
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

**Legal advisers to the Sole Sponsor and
the Underwriters**

Sidley Austin
Solicitors, Hong Kong
Level 39, Two International Finance Centre
Central
Hong Kong

Reporting accountants and auditors

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F., One Pacific Place
88 Queensway
Hong Kong

Receiving Bank

DBS Bank (Hong Kong) Limited
11th Floor
The Center
99 Queen's Road Central
Central
Hong Kong

CORPORATE INFORMATION

Registered office	P.O. Box 1350, Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Headquarters and principal place of business in Hong Kong	Unit 1323A, Level 13 Landmark North 39 Lung Sum Avenue Sheung Shui, the New Territories Hong Kong
Company website	www.doublegain.hk <i>(Note: information on this website does not form part of the document)</i>
Company secretary	Mr. Kwong Chun Ming Alex (<i>HKICPA</i>) Unit 1323A, Level 13 Landmark North 39 Lung Sum Avenue Sheung Shui, the New Territories Hong Kong
Authorised representatives (for the purposes of the GEM Listing Rules)	Mr. Tsang Chiu Kwan 2/F No. 79 San Uk Ka Village Tai Po, the New Territories Hong Kong Mr. Tsang Man Ping G/F No. 337 Ma Tin Tsuen Yuen Long, the New Territories Hong Kong
Compliance adviser	Innovax Capital Limited Room 2002, 20/F Chinachem Century Tower 178 Gloucester Road Wan Chai Hong Kong

CORPORATE INFORMATION

Compliance officer	Mr. Tsang Chiu Kwan 2/F No. 79 San Uk Ka Village Tai Po, the New Territories Hong Kong
Audit Committee	Mr. Chen Yeung Tak (<i>Chairman</i>) Mr. So Chun Man Ms. Li Amanda Ching Man
Remuneration Committee	Mr. So Chun Man (<i>Chairman</i>) Mr. Chen Yeung Tak Ms. Li Amanda Ching Man
Nomination Committee	Ms. Li Amanda Ching Man (<i>Chairman</i>) Mr. So Chun Man Mr. Chen Yeung Tak
Cayman Islands principal share registrar and transfer office	Estera Trust (Cayman) Limited P.O. Box 1350, Clifton House 75 Fort Street 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 11th Floor, the Center 99 Queen's Road Central Hong Kong Bank of China (Hong Kong) Limited Bank of China Tower 1 Garden Road Hong Kong

INDUSTRY OVERVIEW

The information and statistics set forth in this section and elsewhere in this prospectus have been derived from an industry report, commissioned by us and independently prepared by Frost & Sullivan, in connection with the Share Offer, or the F&S Report. In addition, certain information is based on, or derived or extracted from, among other sources, publications of government authorities and internal organisations, market data providers, communications with various Hong Kong government agencies or other independent third-party sources unless otherwise indicated. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information and statistics are false or misleading in any material respect or that any fact has been omitted that would render such information and statistics false or misleading. Our Directors confirm that, after taking reasonable care, they are not aware of any adverse change in market information since the date of the F&S Report which may qualify, contradict or adversely impact the quality of the information in this section. None of our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters or any other party involved in the Share Offer or their respective directors, excluding Frost & Sullivan, advisers and affiliates have independently verified such information and statistics and no representation has been given as to their accuracy. Accordingly, such information should not be unduly relied upon.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan to analyse and report on the current status of, and forecasts for, the selected industries in which we operate in Hong Kong. We agreed to pay Frost & Sullivan a fee of approximately HK\$0.5 million for the preparation and use of the F&S Report. Unless otherwise indicated, market estimates or forecasts in this section represent Frost & Sullivan's view on the future development of the selected industries both in Hong Kong.

Established in 1961, Frost & Sullivan has conducted industry research and provided market and enterprise strategies, consultancy and training services for several industries, including building and construction, automobile, transportation and logistics, chemical engineering, energy and power systems, environmental protection technologies, electronics, information and telecommunication technologies, and medical and healthcare. In preparing the report, Frost & Sullivan has relied on the statistics and information obtained through primary and secondary research. Primary research includes interviewing industry insiders and recognised third-party industry associations, while secondary research includes reviewing corporate annual reports, databases of relevant official authorities, independent research reports and publications, as well as the exclusive database established by Frost & Sullivan over the past decades.

The forecasts were made by Frost & Sullivan based on the following assumptions:

- Hong Kong economy is expected to maintain steady growth in the forecast period;

INDUSTRY OVERVIEW

- Hong Kong social, economic, and political environment is expected to remain stable and the policies on construction works in Hong Kong are consistent in the forecast period; and
- Key market drivers such as the growing demand for housing, increasing amounts of old buildings and favourable policies for RMAA services market industry are expected to contribute to the development of RMAA and building construction services market in Hong Kong.

OVERVIEW OF CONSTRUCTION MARKET IN HONG KONG

Definition and Classification of Construction Industry in Hong Kong

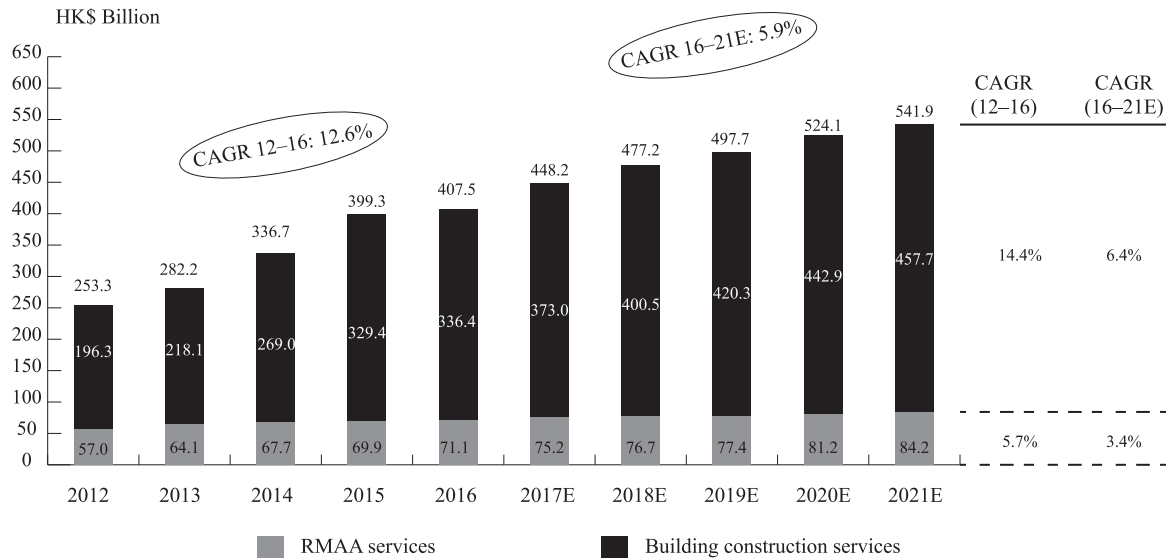
The construction industry mainly consists of RMAA and building construction services which are detailed as follows:

- RMAA services stand for repair, maintenance, alteration & addition services generally undertaken by main contractors and subcontractors, including decoration, repair and maintenance, and construction works at minor work locations, such as site investigation, demolition, structural alternation and additional works etc.
- Building construction services include civil works, building works and E&M works. Civil works refer to construction works performed by main contractors and subcontractors at construction sites by various end-use categories, including railways, roads, highways, bridges, airport, port works, water works, drainage, reclamation, excavation works, site formation, landscape, open spaces, sport grounds, other urban service facilities, service stations and plant, and other related construction projects. Building works refer to the construction works performed by main contractors and subcontractors at construction sites, including residential buildings, commercial buildings, industrial buildings and general superstructure erection. E&M works stand for electrical and mechanical works usually undertaken by contracting/subcontracting specialists. E&M works normally include design, engineering, supply, installation, testing, commissioning, operation and maintenance of air-conditioning and ventilation, fire service, plumbing and drainage, lighting, electricity and extra low voltage electricity system, etc.

The size of the Hong Kong construction market increased from HK\$253.3 billion in 2012 to HK\$407.5 billion in 2016, representing a CAGR of 12.6%. In 2016, the RMAA services market and the building construction market accounted for 17.4% and 82.6% respectively of the total construction market size. The construction market size is expected to increase to HK\$541.9 billion in 2021, representing a CAGR of 5.9% from 2016 to 2021.

INDUSTRY OVERVIEW

The following chart shows the market size of the construction market in Hong Kong:



Note: The market size incorporates the revenue of both main contractors and subcontractors of the Hong Kong construction market.

Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

Drivers of Construction Market in Hong Kong

Strong Demand for Housing

The total population of Hong Kong residents is climbing at a stable pace as Hong Kong has introduced several plans to attract talents since 2015. Meanwhile, the average household size has declined continuously, with more young people choosing to live separately with their parents or siblings after marriage, as indicated by rising proportion of one-person and one-couple households, leading to an increasing need for housing. Furthermore, with rising income and improvement in living standards, Hong Kong residents are demanding for a better living environment. This strong demand for construction of new buildings with modern facilities drives development of construction market.

Increasing Expenditure on Infrastructure and Housing

The increasing expenditure on infrastructure and housing would drive the property development market. For instance, public construction projects such as Kai Tak Development have driven the growth of Hong Kong housing development market in the recent years. In the 2017 Hong Kong Policy Address, the government intends to further accelerate the development of the Kai Tak Development Area with an additional 16,000 residential flats and about 400,000 sq.m. of commercial buildings to be constructed in two phases.

INDUSTRY OVERVIEW

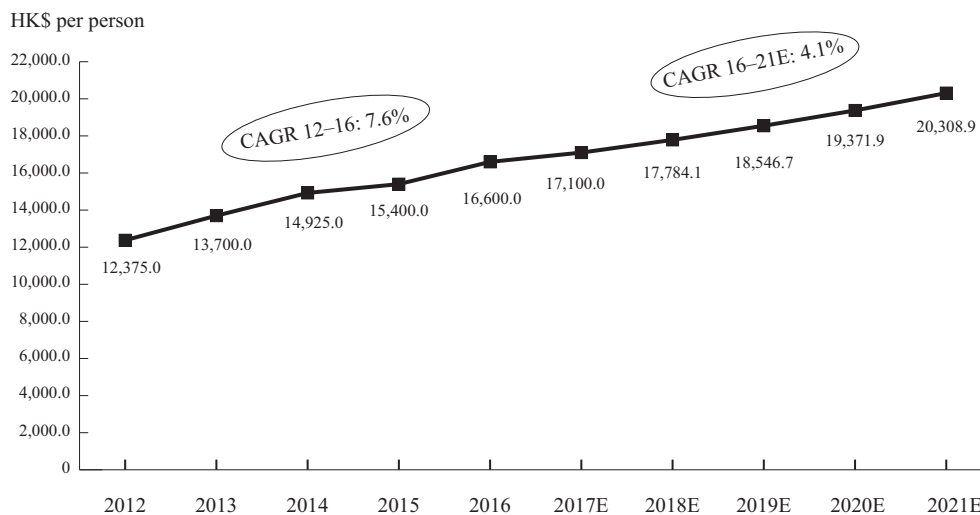
Increasing Land Supply

Land supply policies in Hong Kong were criticised for causing the problem of housing shortage and rising housing prices. The Hong Kong government increased the land supply for residential use from 170,000 sq.m. in 2011 to 390,000 sq.m. in 2016. It is expected that the government will maintain a stable supply of land to alleviate the housing shortage, driving the construction market in the long term.

Labour costs in construction market in Hong Kong

The median monthly wage of workers in the construction industry in Hong Kong increased from HK\$12,375.0 in 2012 to HK\$16,600.0 in 2016. From 2016 to 2021, the median monthly wage of workers in construction industry in Hong Kong is estimated to maintain the stable increase. The median monthly wage of workers in the construction industry in Hong Kong is expected to reach HK\$20,308.9 in 2021, due to the lack of labour in Hong Kong.

The following chart shows the median monthly wage in construction market in Hong Kong:



Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

Material Costs in Construction Market in Hong Kong

Major materials in construction industry include steel, wood, glass, etc. The average wholesale price of steel decreased from HK\$6,020.0 per tonne in 2012 to HK\$5,073.0 per tonne in 2015 and rose to HK\$5,675.0 per tonne in 2016. The price is expected to rise to HK\$5,765.9 per tonne in 2021. The average wholesale price of aluminium decreased from HK\$25,453.3 per tonne in 2012 to HK\$24,904.4 per tonne in 2016 and the price is estimated to be HK\$24,953.8 per tonne in 2021. The average wholesale price of wood increased from HK\$3,814.0 per cubic metre in 2012 to HK\$4,556.0 per cubic metre in 2016 and the price is expected to rise to HK\$4,932.0 per cubic

INDUSTRY OVERVIEW

metre in 2021. The average wholesale price of glass increased from HK\$151.0 per square metre in 2012 to HK\$157.0 per square metre in 2016. The price is expected to be HK\$158.2 per square metre in 2021.

The following chart shows the costs of important materials in the construction market in Hong Kong:

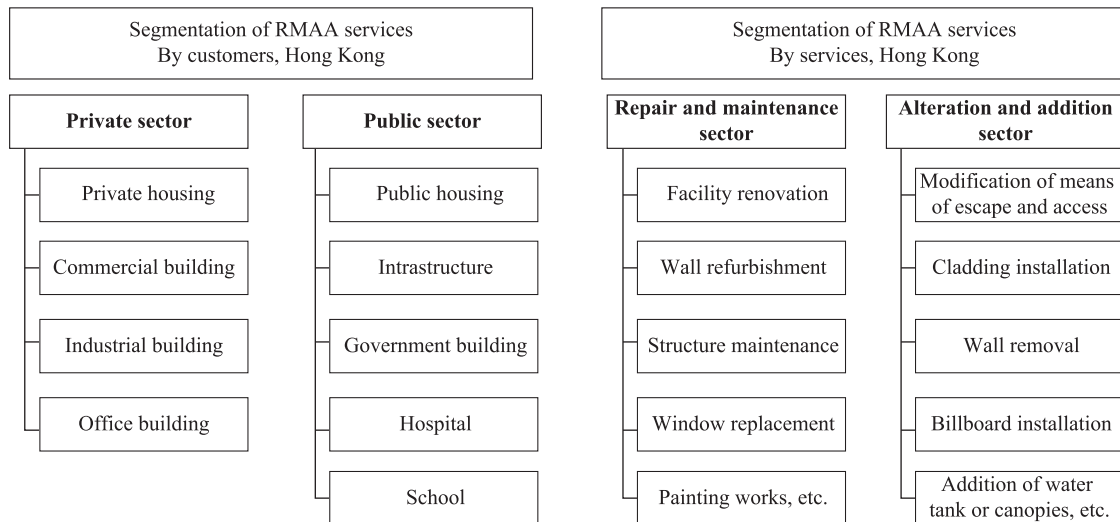
Material	Unit	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E	2021E	CAGR 12-16	CAGR 16-21E
Steel	HK\$/tonne	6,020.0	5,945.0	5,470.0	5,073.0	5,675.0	5,590.0	5,648.0	5,706.5	5,736.1	5,765.9	-1.5%	0.3%
Aluminium	HK\$/tonne	25,453.3	26,090.0	26,712.8	25,727.7	24,904.4	24,779.9	24,804.7	24,854.3	24,904.0	24,953.8	-0.5%	0.0%
Wood	HK\$/cubic metre	3,814.0	3,814.0	3,814.0	4,026.0	4,556.0	4,647.1	4,740.1	4,834.9	4,883.2	4,932.0	4.5%	1.6%
Glass	HK\$/square metre	151.0	151.0	157.0	157.0	157.0	157.2	157.3	157.6	157.9	158.2	1.0%	0.2%

Note: Steel refers to mild steel round bars, 6mm to 20mm. Aluminium refers to aluminium structures and parts; Wood refers to sawn hardwood, 25mm thick plank. Glass refers to clear sheet glass, 5mm thick.

OVERVIEW OF RMAA SERVICES MARKET IN HONG KONG

Definition and segmentation of RMAA Services

The customers of RMAA services are normally property owners, which could be divided into two groups: 1) public sector: the Hong Kong Government, quasi-government entities, charitable organisations and non-private educational institutions, etc.; 2) private sector: non-government and non-statutory bodies. Besides, the RMAA services in Hong Kong could also be divided into two segments by service type as follows:

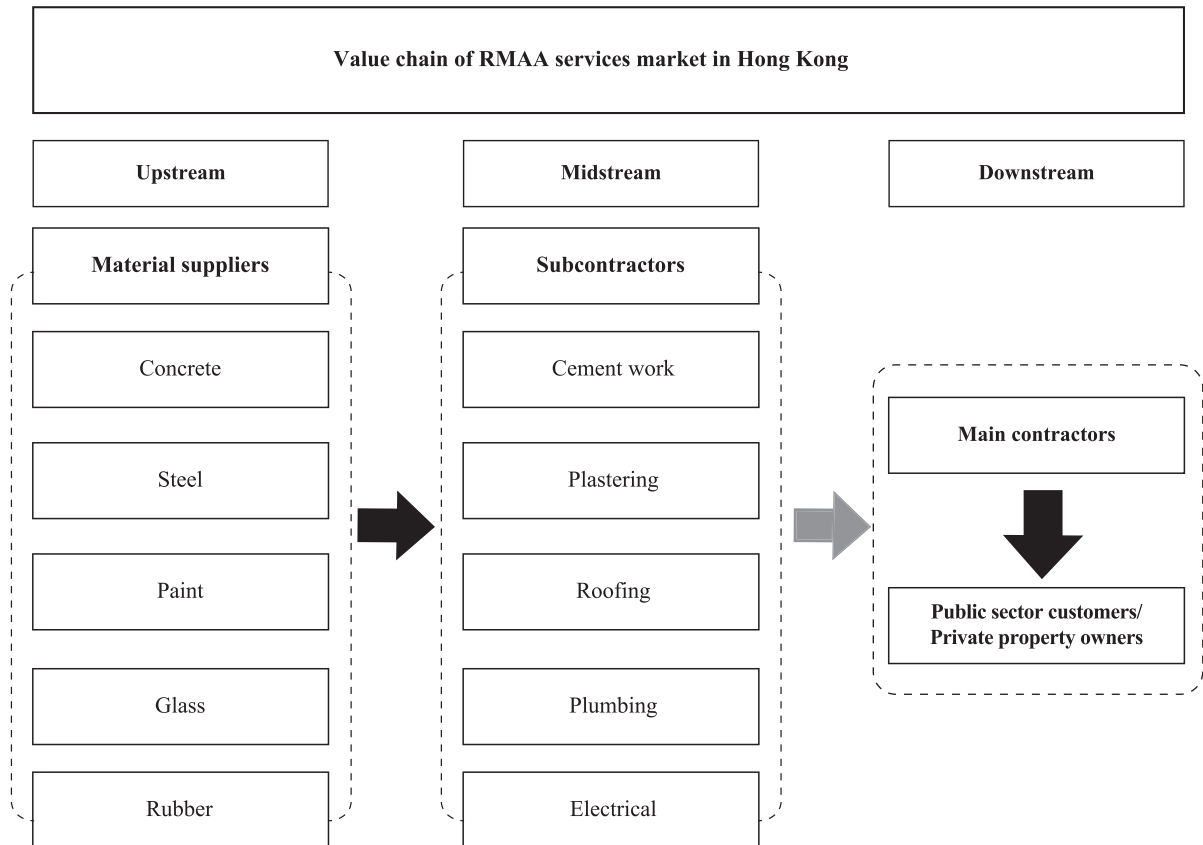


Source: Frost & Sullivan

INDUSTRY OVERVIEW

Industry value chain of RMAA services market in Hong Kong

In general, the value chain of RMAA services market in Hong Kong consists of material suppliers, subcontractors, main contractors, private property owners and public sector customers. The main contractors may bid or tender for projects from public sector customers or private property owners together with subcontractors or alone, and the main contractor may select subcontractors to fulfil part or whole of the projects by quotation, bid, tender or direct assignment. The material suppliers provide materials to subcontractors who complete works required by their clients.



Source: Frost & Sullivan

Market size of RMAA services market by public and private sectors in Hong Kong

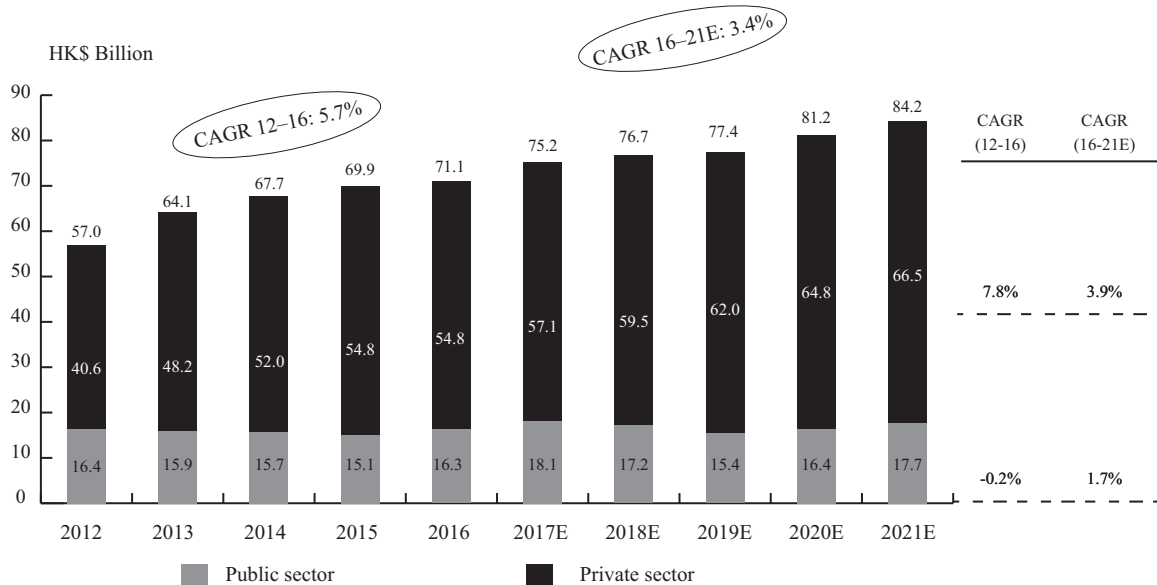
In Hong Kong, Architectural Services Department, Housing Department and Highways Department contribute to a large proportion of the annual budget for RMAA projects in public sector. The market size of RMAA services market in public sector remained relatively stable, fluctuating around HK\$16.0 billion. In 2016, the government awarded an increasing amount of contracts for RMAA services in the public sector, which is expected to lead to an increase in public RMAA services market in 2017 and 2018. The market size of RMAA services market in public

INDUSTRY OVERVIEW

sector is estimated to fall back to a normal level in 2019 and then resume the growth momentum in 2020 and 2021 as a result of expanding demand for RMAA services with increasing number of old buildings in Hong Kong.

Due to the substantial development of property development market in Hong Kong, the property management service market maintains a stable growth rate. The revenue of RMAA services market experienced an increase and reached HK\$71.1 billion in 2016, mainly driven by the increasing revenue in private sector. With the continuously increasing number of the existing buildings, the revenue of overall RMAA services market is expected to keep increasing to HK\$84.2 billion in 2021. The private sector of RMAA services market has seen a faster growth from 2012 to 2016 compared with public sector, due to the increasing number of aged private residential buildings and favourable policy support for building maintenance in Hong Kong.

The following chart shows the revenue of RMAA services market in Hong Kong:



Source: Frost & Sullivan

Drivers of RMAA services market in Hong Kong

Increasing amount of old buildings

The Development Bureau estimates that by 2046, the number of private housing units aged 70 or above will be more than 300,000, about 300 times of that in 2015. These housing units, most located in urban areas, will require RMAA services so as to make full use of the urban land and provide better housing to the public.

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Government's support on building maintenance

The government has introduced a number of policies to regulate and encourage building maintenance and renovation, such as the Mandatory Building Inspection Subsidy Scheme, the Mandatory Window Inspection Scheme and the Education Regulations which stipulate that all school premises shall at all times be kept in a satisfactory state to assure safety, thus leading to demand for frequent repair and maintenance of school buildings. Moreover, the government has sponsored multiple projects to provide assistance or allowance for the owners in the old buildings to carry out RMAA services, such as Integrated Building Maintenance Assistance Scheme, Operation Building Bright Scheme, Building Safety Loan Scheme and Building Maintenance Grant Scheme for Elderly Owners.

Fast development of construction works

The revenue of construction works in Hong Kong increased from HK\$253.3 billion in 2012 to HK\$407.5 billion in 2016, representing a CAGR of 12.6%, and it is expected to continue to grow from 2016 to 2021. Those newly completed projects will need increasing renovation and maintenance works after initial years of use during their life span, which will drive the development of RMAA services market in Hong Kong.

Key success factors of RMAA services market in Hong Kong

Successful track record with good reputation

When applying for the construction qualification and bidding for a RMAA services project, it is necessary for companies to present and list the abundant track record in order to prove their capability in providing RMAA services. The excellent track record will help the company to obtain high scores in the evaluation process. Therefore, the abundant track record with good reputation is essential for the successful companies in the RMAA services market.

Strong and stable relationship network

For both main contractors and subcontractors, it is important to establish a strong and stable relationship with their contract providers, such as the government, property developers and large main contractors, in such competitive RMAA services market. Meanwhile, the company also needs to build a good and stable relationship with banks and material suppliers, in order to guarantee sufficient cash flow and materials as well as to enjoy cost advantage.

Sufficient and stable capital flow

The RMAA services is a fund intensive industry, with characteristics of large fund and long investment period, since it requires a large investment on labour and advanced payment on materials. Therefore, a successful company must have sufficient and stable capital flow to support the continuous operation of multiple RMAA services projects, especially in the beginning of each project.

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Competitive landscape

The overall RMAA services market is fragmented as there are thousands of market players including main contractors which are often the subsidiaries of the comprehensive real-estate development groups and usually involved in both RMAA and building construction services, and subcontractors which usually focus on some specific areas. The total market share of the top five companies was less than 10% in 2016, and three of top five players had transactions with our Company during the Track Record Period. There are over one thousand construction companies providing RMAA-related services, and most of them are small and medium-sized subcontractors. As a result, for subcontractors, the RMAA services market is fragmented and top ten subcontractors accounted for less than 10% of the total market size. Our company accounted for a market share of approximately 0.5% in total RMAA services market in 2016.

Entry barriers of RMAA services market in Hong Kong

Capital barrier

Upon entering the RMAA services market, the new entrants need substantial initial investment for material procurement, talent recruitment, equipment purchasing, marketing promotion, operation, etc. The requirement for large initial capital is one of the major entry barriers for small and medium-size entrants.

Long-term Relationship with main contractors

In Hong Kong, the government usually signs the contracts directly with main contractors for public RMAA services projects. In order to gain trusts from the main contractors, RMAA services providers need to have long track records to prove their stability, reliability and follow-up service capabilities. On the other hand, once the capabilities are recognised by the main contractors, RMAA services subcontractors will not be easily replaced.

Experience barrier

It requires great expertise and knowledge to work in the RMAA services market, and the expertise comes from years of operation experiences. Moreover, sound and successful experience is a key criterion for main contractors or property owners to select the contractor during the tending or bidding process. It is difficult for new entrants with no prior experience to win contracts from the clients.

OVERVIEW OF BUILDING CONSTRUCTION SERVICES MARKET IN HONG KONG

Introduction to building construction services in Hong Kong

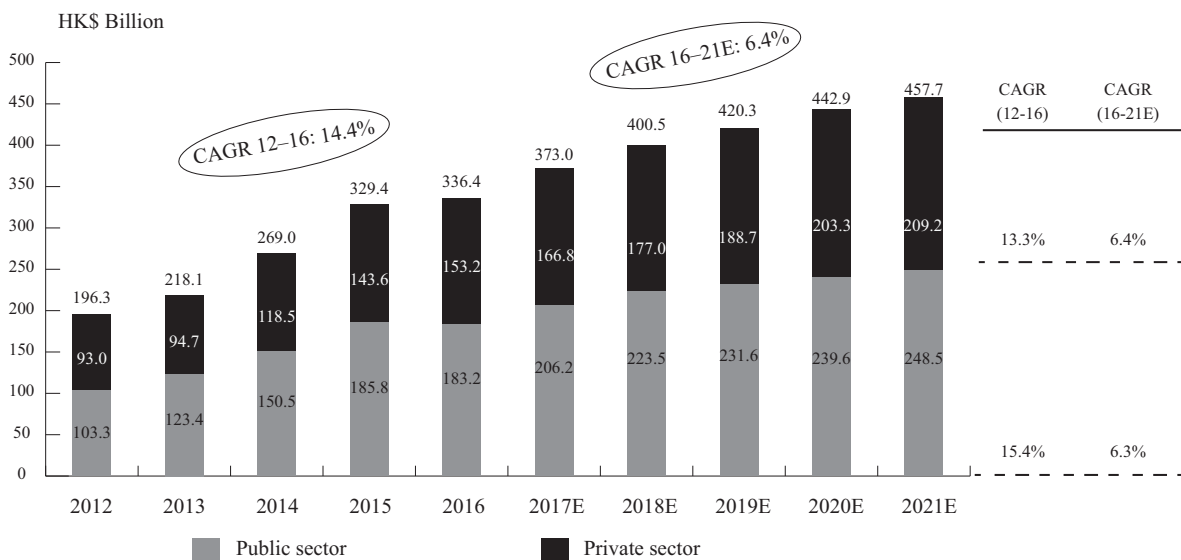
Building construction services refer to new civil or building projects at the construction sites, including transportational, environmental, recreational, utilities, residential, commercial, industrial, storage uses, etc.

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Market size of building construction services in Hong Kong

The market of building construction services in Hong Kong includes the revenue of both main contractors and subcontractors. Due to the increase in public infrastructure expenditure and residential land supply in Hong Kong in recent years, the market size of building construction services in Hong Kong increased to HK\$336.4 billion in 2016. Over half of building construction services were from the public sector. Driven by continuously growing public infrastructure expenditures and residential housing market in the next few years, the market size of building construction services in Hong Kong is expected to increase to HK\$457.7 billion in 2021.

The following chart show the market size of building construction services in Hong Kong:



Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

Drivers of building construction services in Hong Kong

Stable economic growth

Hong Kong economy is expected to experience stable growth in the next few years. The stable economic growth provides necessary conditions for the development of building construction services for public infrastructures, commercial buildings, residential housing, etc.

Increase of public infrastructure expenditure

The Hong Kong Government has been promoting the investment in public infrastructure projects in the recent years. The infrastructure expenditure increased in the past few years, and the government budget plan for major infrastructure projects will reach HK\$76.9 billion in year 2017/2018. New public infrastructure projects including “Ten Major Infrastructure Projects” create huge opportunities for building construction services industry, especially in civil works and public sector.

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Increasing supply of residential housing

According to the 2017 Policy Address, the projected supply of first-hand residential properties for private housing in the coming three to four years was 94,000 units since the end of 2016, which is a record high since the regular release of supply statistics 12 years ago. The estimated public housing supply by the Hong Kong Housing Authority and the Hong Kong Housing Society will also increase in the next five years. Increasing supply of residential housing provides opportunities for building construction services companies.

Development trends of building construction services in Hong Kong

Comprehensive services

With the increasingly fierce competition, companies engaged in building construction services are expanding their service scope from mere execution work to integrated one-stop services in order to satisfy clients' overall demand. These companies provide comprehensive services including intellectual design, supply of construction materials and maintenance services.

Smart building concept

Smart building concept brings incredible convenience and comforts for clients through network technologies and gradually becomes an unavoidable topic of future tendency. Companies engaged in building construction services are supposed to integrate construction technologies with electronic and internet technologies so as to increase the added value, and improve efficiency.

Deeper interaction with mainland

The government of the PRC encourages the economic cooperation between companies in the PRC and in Hong Kong. With the issuance of favourable policies and increasing communication and cooperation, more construction companies from the PRC are entering Hong Kong market and some Hong Kong companies are planning to expand their business in the PRC.

Competitive landscape

The competition of building construction services in Hong Kong is fierce. Top five companies of building construction services industry in Hong Kong who are all main contractors accounted for around 12.0% of the entire market in 2016. For subcontractors, the building construction services market in Hong Kong is more fragmented with over 4,000 registered subcontractors by first half of 2017. Top five subcontractors accounted for less than 10% of the total building construction services market in 2016. Our Company took for the market share of less than 0.1% in building construction services market in 2016. With good track records in RMAA services market, Our Company is able to leverage its good relationship with the Hong Kong Government and those large main contractors to secure contracts in the building construction services market.

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OVERVIEW OF THE COMPETITIVE ADVANTAGES OF OUR GROUP IN CONSTRUCTION MARKET IN HONG KONG

Good Tracking Experience and Reputation

Our Company, which was established in 2004, enjoys a high recognition and good prestige in the RMAA services market in public sector as a result of its successful tracking record and construction quality. The good reputation, which is highly valued in the bidding process, brings advantage to our Company during the tendering in both RMAA and building construction services projects. The wide range of experience and successful historical records in construction projects in public sector are beneficial for our Company to win the similar contracts.

Long-term stable cooperation with main contractors

Our Company has established long-term cooperative relationships with the leading main contractors. The established mutual trust and good performance from the historical cooperation help our Company secure more contracts from these main contractors.

Strong financing capability

In the construction market, the contractor needs sufficient capital or good financing capability to recruit workload and purchase raw materials, especially at the beginning period of the projects when the payment has not been received. The strong financing capability and healthy balance make our Company more competitive.

REGULATORY OVERVIEW

This section sets forth a summary of the major laws and regulations which are relevant to our business in Hong Kong.

LABOUR, HEALTH AND SAFETY

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

The Factories and Industrial Undertakings Ordinance provides for the safety and health protection to workers in an industrial undertaking. Under the Factories and Industrial Undertakings Ordinance, every proprietor shall take care of the safety and health at work of all persons employed by the proprietor at the industrial undertaking by:

- (i) providing and maintaining plant and work systems that do not endanger safety or health;
- (ii) making arrangements for ensuring safety and health in connection with the use, handling, storage and transport of articles and substances;
- (iii) providing all necessary information, instruction, training and supervision for ensuring health and safety at work;
- (iv) providing and maintaining safe access to and egress from the workplace; and
- (v) providing and maintaining a safe and healthy work environment.

A proprietor who contravenes these duties commits an offence, and is liable to a fine of HK\$500,000. A proprietor who contravenes these duties wilfully and without reasonable excuse commits an offence and is liable to a fine of HK\$500,000 and to imprisonment for 6 months.

In addition, certain matters are regulated under the subsidiary regulations of the Factories and Industrial Undertakings Ordinance such as the Construction Sites (Safety) Regulations (Chapter 59I of the Laws of Hong Kong), which requires a contractor to comply with certain requirements, which include, among others, (i) prohibition of employment of persons under 18 years of age (save for certain exceptions); (ii) maintenance and inspection of hoist; (iii) duty to ensure safety of places of work; (iv) prevention of falls; (v) safety of excavations; (vi) duty to comply with miscellaneous safety requirements; and (vii) provision of first aid facilities. Any contractor who contravenes the foregoing without reasonable excuse commits an offence and is liable to a maximum fine of up to HK\$200,000 and imprisonment of 12 months.

B. Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)

The Occupational Safety and Health Ordinance provides for the safety and health protection to employees in workplaces, both industrial and non-industrial.

REGULATORY OVERVIEW

Employers must as far as reasonably practicable ensure the safety and health of their employees at work by (including but without limitation):

- (i) providing and maintaining plant and work systems that do not endanger safety or health;
- (ii) making arrangements for ensuring safety and health in connection with the use, handling, storage or transport of plant or substances;
- (iii) providing all necessary information, instruction, training and supervision for ensuring safety and health;
- (iv) maintaining the workplace in a condition that is safe and without risks to health;
- (v) providing and maintaining safe access to and egress from the workplaces; and
- (vi) providing and maintaining a safe and healthy work environment.

Failure to comply with the above provisions constitutes an offence, and the employer is liable on conviction to a fine of HK\$200,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offence and is liable on conviction to a fine of HK\$200,000 and to imprisonment for six months.

Further, the Commissioner for Labour may also issue improvement notices against non-compliance of the Occupational Safety and Health Ordinance or the Factories and Industrial Undertakings Ordinance, or serve suspension notices against activity or the condition or use of the workplace which may create imminent risk of death or serious bodily injury. Failure to comply with such notices without reasonable excuse constitutes an offence punishable by a fine of HK\$200,000 and HK\$500,000, respectively, and imprisonment of up to 12 months.

C. Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)

The Employees' Compensation Ordinance establishes a no-fault and non-contributory employee compensation system for work injuries, setting out the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases.

Under the Employees' Compensation Ordinance, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, an employee who suffers incapacity or death arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

Pursuant to section 24 of the Employees' Compensation Ordinance, a principal contractor shall be liable to pay compensation to subcontractors' employees who are injured in the course of their employment to the subcontractors. The principal contractor is, nonetheless, entitled to be

REGULATORY OVERVIEW

indemnified by any person who would have been liable to pay compensation to the injured employee. The employees in question are required to serve a notice in writing on the principal contractor before making any claim or application against such principal contractor.

According to section 40 of the Employees' Compensation Ordinance, all employers (including principal contractors and subcontractors) are required to take out insurance policies to cover their liabilities for injuries at work in respect of all their employees (including full-time and part-time employees). Under section 40(1B) of the Employees' Compensation Ordinance, where a principal contractor has undertaken to perform any construction work, it may take out an insurance policy for an amount not less than HK\$200 million per event to cover its liability and that of its subcontractor(s) under the Employees' Compensation Ordinance and at common law. Where a principal contractor has taken out a policy of insurance under section 40(1B) of the Employees' Compensation Ordinance, the principal contractor and a subcontractor under the policy shall be regarded as having complied with section 40(1) of the Employees' Compensation Ordinance.

An employer who fails to comply with the Employees' Compensation Ordinance to secure an insurance cover is liable on conviction upon indictment to a fine at level 6 (currently at HK\$100,000) and to imprisonment for two years.

D. Employment Ordinance (Chapter 57 of the Laws of Hong Kong)

A principal contractor is subject to the provisions on subcontractor's employees' wages in the Employment Ordinance. Section 43C of the Employment Ordinance provides that, if any wages 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, such wages shall be payable by the principal contractor and/or every superior subcontractor jointly and severally. A principal contractor's liability shall be limited to the wages of an employee whose employment relates wholly to the work which the principal contractor has contracted to perform and whose place of employment is wholly on the site of the building work, and to the wages due to such an employee for two months without any deductions (such months shall be the first two months of the period in respect of which the wages are due).

An employee who has outstanding wage payments from the subcontractor must serve a notice in writing on the principal contractor within 60 days after the wage due date or another 90 days if permitted by the Commissioner for Labour. The principal contractor and superior subcontractor (where applicable) shall not be liable to pay any wages to the employee of the subcontractor if that employee fails to serve a notice on the principal contractor.

Upon receipt of such notice from the relevant employee, a principal contractor shall, within 14 days after receipt of the notice, serve a copy of the notice on every superior subcontractor to that subcontractor (where applicable) of whom he is aware.

A principal contractor who without reasonable excuse fails to serve notice on the superior subcontractors shall be guilty of an offence and shall be liable on conviction to a fine at level 5 (currently at HK\$50,000).

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Pursuant to section 43F of the Employment Ordinance, if a principal contractor or superior subcontractor pays to an employee any wages under section 43C of the Employment Ordinance, the wages so paid shall be a debt due by the employer of that employee to the principal contractor or superior subcontractor, as the case may be. The principal contractor or superior subcontractor may either claim contribution from every superior subcontractor to the employee's employer or from the principal contractor and every other such superior subcontractor as the case may be, or deduct by way of set-off the amount paid by it from any sum due or may become due to the subcontractor in respect of the work that it has subcontracted.

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

The Construction Workers Registration Ordinance provides, among others, for registration and regulation of construction workers. The principal object of the Construction Workers Registration Ordinance is to establish a system for registration of construction workers and to regulate construction workers who personally carry out construction work on construction site.

Employment of Registered Construction Workers

Under sections 3(1) and 5 of the Construction Workers Registration Ordinance, the principal contractors/subcontractors/employers/controllers of construction sites are required to employ only registered construction workers to personally carry out construction work on construction sites.

Keeping and Submission of Site Daily Attendance Report

Under section 58 of the Construction Workers Registration Ordinance, a principal contractor/controller of a construction site is required to:

1. establish and maintain a site daily attendance report in the specified form that contains information of the registered construction workers employed by the controller or, if the controller is the principal contractor, by the subcontractor of the controller; and
2. furnish to the Registrar of Construction Workers in such manner as directed by the Registrar of Construction Workers with a copy of the record:
 - i. for the period of 7 days after any construction work begins on the site; and
 - ii. for each successive period of 7 days,

within 2 business days following the last day of the period concerned.

F. Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong)

The Occupiers Liability Ordinance regulates the obligations of a person occupying or having control of the premises for injury resulting to persons or damage caused to goods or other property lawfully on the land.

The Occupiers Liability Ordinance imposes a common duty of care on an occupier of premises to take such care as in all the circumstances of the case is reasonable to see that a visitor will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

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

Pursuant to section 38A of the Immigration Ordinance, a construction site controller (i.e. the principal or main contractor, and includes a subcontractor, owner, occupier or other person who has control over or is in charge of a construction site) should take all practicable steps to prevent having illegal immigrants from being on the construction site, and to prevent illegal workers who are not lawfully employable from taking employment on the construction site.

Where it is proved that an illegal immigrant was on a construction site, or such illegal worker, who is not lawfully employable, took employment on a construction site, the construction site controller commits an offence, and is liable to a fine of HK\$350,000.

H. Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)

The Minimum Wage Ordinance provides for a prescribed minimum hourly wage rate (currently at HK\$34.5 per hour) during the wage period for every employee engaged under a contract of employment under the Employment Ordinance.

Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by the Minimum Wage Ordinance is void.

I. Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)

The Mandatory Provident Fund Schemes Ordinance provides for, *inter alia*, the establishment of a system of privately managed, employment-related mandatory provident fund schemes for members of the workforce to accrue financial benefits for retirement.

Under the Mandatory Provident Fund Schemes Ordinance, the employer and its relevant employee of 18 years of age or over and below retirement age which is 65 years of age, are each required to make contribution to the plan at 5% of the relevant employees' relevant income, meaning any wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite or allowance expressed in monetary terms, paid or payable by an employer to the relevant employee in consideration of his employment under his employment contract.

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Industry schemes (“**Industry Schemes**”) were established under the MPF system for employers in the construction and catering industries in view of the high labour mobility in these two industries, and the fact that most employees in these industries are “casual employees” whose employment is on a day-to-day basis or for a fixed period of less than 60 days.

For the purpose of the Industry Schemes, the construction industry covers the following 8 major categories: (i) foundation and associated works; (ii) civil engineering and associated works; (iii) demolition and structural alteration works; (iv) refurbishment and maintenance works; (v) general building construction works; (vi) fire services, mechanical, electrical and associated works; (vii) gas, plumbing, drainage and associated works; and (viii) interior fitting-out works.

The Mandatory Provident Fund Schemes Ordinance does not stipulate that employers in these industries must join the Industry Schemes. The Industry Schemes provide convenience to the employers and employees in the construction and catering industries. Casual employees do not have to switch schemes when they change jobs within the same industry, so long as their previous and new employers are registered with the same Industry Scheme. This is convenient for scheme members and save administrative costs.

J. Security of Payment Legislation for the Construction Industry (“SOPL”)

The Hong Kong Government has conducted a public consultation on the proposed security of payment legislation for the construction industry to address unfair payment terms, payment delays and disputes. The SOPL purports to encourage fair payment, rapid dispute resolution and increase cash flow in the contractual chain.

When it comes into force, all public sector construction contracts will be caught by the legislation, whereas in the private sector, only contracts relating to a “new building” (as defined by the Buildings Ordinance) which has a value in excess of HK\$5 million for construction contracts and HK\$500,000 for professional services and supply only contracts will be caught by the legislation. Where the SOPL applies to main contract, it also automatically applies to all subcontracts in the contractual chain.

The SOPL will, among others:

- prohibit “pay when paid” and similar terms in contracts, which refer to provisions in contracts that make payment contingent or conditional on the operation of other contracts or agreements, meaning that payment is conditional on the payer receiving payment from a third party;
- prohibit payment periods of more than 60 calendar days for interim payments and 120 calendar days for final payments;

REGULATORY OVERVIEW

- enable parties who are entitled to progress payments under the terms of a contract covered by the SOPL to claim such payments as statutory payment claims, upon receipt of which the payer has 30 calendar days to serve a payment response, and parties who are entitled to payments under statutory payment claims will be entitled to pursue adjudication if the statutory payment claims are disputed or ignored; and
- grant parties the right to suspend or reduce the rate of progress of works after either non-payment of an adjudicator's decision or non-payment of amounts admitted as due.

It is probable that some of our contracts will be caught by the proposed SOPL and where such contracts are subject to the SOPL, we will have to ensure that their terms comply with the legislation. As the SOPL is designed to assist contractors, including us, to ensure cash-flow and access to a swift dispute resolution process, we do not expect the SOPL to have any negative implication on our business operation and liquidity management. In fact, with the new right to suspend or reduce the rate of progress of work on non-payment of fees admitted as due to us by our customers, the SOPL provides us with greater protection and strengthens our liquidity management.

ENVIRONMENTAL PROTECTION

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

The Air Pollution Control Ordinance is the principal legislation in Hong Kong for controlling emission of air pollutants and noxious odour from construction, industrial and commercial activities and other sources of pollution. Subsidiary regulations of the Air Pollution Control Ordinance impose control on air pollutant emissions from certain operations through the issue of licences and permits.

A contractor shall observe and comply with the Air Pollution Control Ordinance and its subsidiary regulations, particularly the Air Pollution Control (Open Burning) Regulation, the Air Pollution Control (Construction Dust) Regulation, and the Air Pollution Control (Smoke) Regulations. The contractor responsible for a construction site shall devise and arrange methods of working and carrying out the works in such a manner so as to minimise dust impacts on the surrounding environment, and shall provide experienced personnel with suitable training to ensure that these methods are implemented. Asbestos control provisions in the Air Pollution Control Ordinance require that building works involving asbestos must be conducted only by registered qualified personnel and under the supervision of a registered consultant.

B. Air Pollution Control (Construction Dust) Regulation (Chapter 311R of the Laws of Hong Kong)

Under the Air Pollution Control (Construction Dust) Regulation, “construction work” includes but not limited to the construction, demolition and reconstruction of the whole or any part of any building or other structure, site formation, piling and extraction from the earth of any matter whatsoever. Under section 3 of the Air Pollution Control (Construction Dust) Regulation, the contractor responsible for a construction site where any notifiable work is proposed to be carried

REGULATORY OVERVIEW

out shall give notice to the public officer appointed under the Air Pollution Control Ordinance of the proposal to carry out the work. Such “notifiable work” includes site formation, reclamation, demolition of a building; work carried out in any part of a tunnel that is within 100 metre of any exit to the open air, construction of the foundation of a building, construction of the superstructure of building or road construction work.

Under section 4 of the Air Pollution Control (Construction Dust) Regulation, 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 Schedule of the Air Pollution Control (Construction Dust) Regulation.

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

The Noise Control Ordinance regulates, among others, the noise from construction activities. A contractor shall comply with the Noise Control Ordinance and its subsidiary regulations in carrying out construction works.

Under the Noise Control Ordinance, noisy construction work and the use of powered mechanical equipment are not allowed between 7 p.m. and 7 a.m. or at any time on general holidays unless prior approval has been granted by the Environmental Protection Department through the construction noise permit system. Certain equipment is also subject to restrictions on when its use is allowed. Hand-held percussive breakers and air compressors must comply with noise emissions standards and be issued with a noise emission label from the Environmental Protection Department. Percussive pile-driving is allowed on weekdays only with prior approval in the form of a construction noise permit from the Environmental Protection Department.

Any person who carries out any construction work except as permitted is liable on first conviction to a fine of HK\$100,000, on a second or subsequent conviction to a fine of HK\$200,000, and, in any case, to a fine of HK\$20,000 for each day during which the offence continues.

D. Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong)

The Water Pollution Control Ordinance controls the effluent discharged from all types of industrial, commercial, institutional and construction activities into public sewers, rainwater drains, river courses or water bodies. All industry/trade generating wastewater discharge (except domestic sewage that is discharged into communal foul sewers or unpolluted water to storm drains) are subject to licencing control by the Environmental Protection Department.

All discharges, other than domestic sewage to a foul sewer or unpolluted water to a storm drain, must be covered by an effluent discharge licence. The licence specifies the permitted physical, chemical and microbial quality of the effluent, and the general guidelines are that the effluent does not damage sewers or pollute inland or inshore marine waters.

REGULATORY OVERVIEW

According to the Water Pollution Control Ordinance, unless being licenced under the Water Pollution Control Ordinance, a person who discharges any waste or polluting matter into the waters or discharges any matter into a communal sewer or communal drain in a water control zone commits an offence, and is liable to imprisonment for 6 months, and, for a first offence, to a fine of HK\$200,000, and, for a second or subsequent offence, to a fine of HK\$400,000, and, in addition, if the offence is a continuing offence, to a fine of HK\$10,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

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

The Waste Disposal Ordinance controls and regulates the production, storage, collection, treatment, recycling and disposal of wastes. A contractor shall observe and comply with the Waste Disposal Ordinance and its subsidiary regulations, particularly the Waste Disposal (Charges For Disposal Of Construction Waste) Regulation (Chapter 354N of the Laws of Hong Kong) and the Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C of the Laws of Hong Kong).

Under the Waste Disposal (Charges For Disposal Of Construction Waste) Regulation, a main contractor who undertakes construction work with a value of HK\$1,000,000 or above will be required to establish a billing account with the Environmental Protection Department within 21 days after the contract is awarded to pay any disposal charges payable in respect of the construction waste generated from construction work undertaken under that contract.

Under the Waste Disposal (Chemical Waste) (General) Regulation, anyone who produces chemical waste or causes it to be produced has to register as a chemical waste producer. The waste must be packaged, labelled and stored properly before disposal. Only a licenced collector can transport the waste to a licenced chemical waste disposal site for disposal. Chemical waste producers also need to keep records of their chemical waste disposal for inspection by the staff of the Environmental Protection Department.

Under the Waste Disposal Ordinance, a person shall not use, or permit to be used, any land or premises for the disposal of waste unless he has a licence from the Director of Environmental Protection. A person who, except under and in accordance with a permit or authorisation, does, causes or allows another person to do anything for which such a permit or authorisation is required commits an offence, and is liable to a fine of HK\$200,000 and to imprisonment for six months for a first offence, HK\$500,000 and to imprisonment for two years for a second or subsequent offence.

F. Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong)

Emission of dust from any building under construction or demolition in such manner as to be a nuisance is actionable under the Public Health and Municipal Services Ordinance. The maximum penalty is a fine at level 3 (currently at HK\$10,000) upon conviction with a daily fine of HK\$200.

Discharge of muddy water is actionable under the Public Health and Municipal Services Ordinance. The maximum penalty is a fine at level 5 (currently at HK\$50,000) upon conviction.

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Any accumulation of water on any premises found to contain mosquito larvae or pupae is actionable under the Public Health and Municipal Services Ordinance. The maximum penalty is a fine at level 4 (currently at HK\$25,000) upon conviction and a daily fine of HK\$450.

Any accumulation of refuse which is a nuisance or injurious or dangerous to health is actionable under the Public Health and Municipal Services Ordinance. The maximum penalty is a fine at level 3 (currently at HK\$10,000) upon conviction and a daily fine of HK\$200.

Any premises in such a state as to be a nuisance or injurious or dangerous to health is actionable under the Public Health and Municipal Services Ordinance. The maximum penalty is a fine at level 3 (currently at HK\$10,000) upon conviction and a daily fine of HK\$200.

CONTRACTOR LICENSING REGIME

A. Subcontractor Registration Scheme

Subcontractors in Hong Kong may apply for registration under the Subcontractor Registration Scheme managed by the Construction Industry Council, a body corporate established under the Construction Industry Council Ordinance (Chapter 587 of the Laws of Hong Kong) in February 2007.

The Subcontractor Registration Scheme was formerly known as the Voluntary Subcontractor Registration Scheme (the “**VSRS**”), which was introduced by the Provisional Construction Industry Co-ordination Board (the “**PCICB**”). The PCICB was formed in September 2001 to spearhead industry reform and to pave way for the early formation of the statutory industry coordinating body.

A technical circular issued by the Works Branch of the Development Bureau (then the Environment, Transport and Works Bureau) (“**WBDB**”) on 14 June 2004 (now subsumed into the Project Administration Handbook for Civil Engineering Works by the CEDD) requires that all public works contractors with tenders to be invited on or after 15 August 2004 to employ all subcontractors (whether nominated, specialist or domestic) registered from the respective trades available under the VSRS.

After the Construction Industry Council took over the work of the PCICB in February 2007 and the VSRS in January 2010, the Construction Industry Council launched stage 2 of the VSRS in January 2013. VSRS was also then renamed Subcontractor Registration Scheme. All subcontractors registered under the VSRS have automatically become registered subcontractors under the Subcontractor Registration Scheme.

Subcontractors may apply for registration on the Subcontractor Registration Scheme in one or more of 52 trades covering common structural, civil, finishing, electrical and mechanical works and supporting services. The 52 trades further branch out into around 94 specialties, including demolition, concreting and others etc.

REGULATORY OVERVIEW

Where a contractor is to subcontract/sub-let part of the public works involving trades available under the Primary Register (a list of companies registered in accordance with the Rules and Procedures for the Primary Register of the Subcontractor Registration Scheme) of the Subcontractor Registration Scheme, it shall engage all subcontractors (whether nominated, specialist or domestic) who are registered under the relevant trades in the Primary Register of the Subcontractor Registration Scheme. Should the subcontractors further subcontract (irrespective of any tier) any part of the public works subcontracted to them involving trades available under the Primary Register of the Subcontractor Registration Scheme, the contractor shall ensure that all subcontractors (irrespective of any tier) are registered under the relevant trades in the Primary Register of the Subcontractor Registration Scheme.

Applications for registration under the Primary Register of the Subcontractor Registration Scheme are subject to the following entry requirements:

- (a) completion of at least one job within five years as a main contractor/subcontractor in the areas which it applies or to have acquired comparable experience by itself/its proprietors, partners or directors within the last five years;
- (b) listings on one or more government registration schemes operated by policy bureaus or departments of the Hong Kong Government relevant to the trades and specialties for which registration is sought;
- (c) the applicant or its proprietor, partner or director having been employed by a registered subcontractor for at least five years with experience in the trade/specialty applying for and having completed all the modules of the Project Management Training Series for Subcontractors (or equivalent) conducted by the Construction Industry Council; or
- (d) the applicant or its proprietor, partner or director having registered as Registered Skilled Worker under the Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong) for the relevant trade/specialty with at least five years' experience in the trade/specialty applying for and having completed the Senior Construction Workers Trade Management Course (or equivalent) conducted by the Construction Industry Council.

A registered subcontractor shall apply for renewal within three months before the expiry date of its registration by submitting an application to the Construction Industry Council in a specified format providing information and supporting documents as required to show compliance with the entry requirements. An application for renewal shall be subject to approval by the management committee which oversees the Subcontractor Registration Scheme (the “**Management Committee**”). If some of the entry requirements covered in an application can no longer be satisfied, the Management Committee of the Construction Industry Council may give approval for renewal based on those trades and specialties where the requirements are met. An approved renewal shall be valid for two years from the expiry of the current registration.

REGULATORY OVERVIEW

A registered subcontractor shall observe the Codes of Conduct for Registered Subcontractor⁶⁷ 68 (Schedule 8 of the Rules and Procedures for the Primary Register of the Subcontractor Registration Scheme) (the “**Codes of Conduct**”). Failing to comply with the Codes of Conduct may result in regulatory actions taken by the Management Committee.

The circumstances pertaining to a registered subcontractor that may call for regulatory actions include, but are not limited to:

- (a) supply of false information when making an application for registration, renewal of registration or inclusion of additional trades;
- (b) failure to give timely notification of changes to the registration particulars;
- (c) serious violations of the registration rules and procedures;
- (d) convictions of senior management staff (including but not limited to proprietors, partners or directors) for bribery or corruption under the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong);
- (e) convictions for failure to pay wages on time to workers in accordance with the relevant provisions contained in the Employment Ordinance;
- (f) wilful misconducts that may bring the Subcontractor Registration Scheme into serious disrepute;
- (g) civil awards/judgments in connection with the violation of or convictions under the relevant sections of the Mandatory Provident Fund Schemes Ordinance;
- (h) convictions under the Factories and Industrial Undertakings Ordinance or Occupational Safety and Health Ordinance in relation to serious construction site safety incidents resulting in one or more of the following consequence:
 - (i) loss of life; or
 - (ii) serious bodily injury resulting in loss or amputation of a limb or had caused or was likely to cause permanent total disability;
- (i) conviction of five or more offences under the Factories and Industrial Undertakings Ordinance and/or Occupational Safety and Health Ordinance each arising out of separate incidents in any six months period (according to the date of committing the offence but not the date of conviction), committed by the Registered Subcontractor at each of a construction site under a contract;
- (j) convictions for employment of illegal worker under the Immigration Ordinance; or

REGULATORY OVERVIEW

- (k) late payment of workers' wages and/or late payment of contribution under the Mandatory Provident Fund Schemes Ordinance over 10 days with solid proof of such late payment of wages and/or contribution.

The Management Committee may instigate regulatory actions by directing that:

- (a) written strong direction and/or warning be given to a registered subcontractor;
- (b) a registered subcontractor to submit an improvement plan with the contents as specified and within a specified period;
- (c) a registered subcontractor be suspended from registration for a specified duration; or
- (d) the registration of a registered subcontractor be revoked.

B. Minor works contractor

Under the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong), the carrying out of large-scale building works or works of a very simple nature are governed by the same set of controls, including the requirements to obtain prior approval and consent from the Buildings Department before commencement of works and to appoint authorised persons (i.e. architects, engineers and surveyors registered under the Buildings Ordinance), and registered professionals to design and supervise the works as well as registered contractors to carry out the works.

The Buildings Ordinance was amended in 2008 to provide for a minor works control system. The Building (Minor Works) Regulation (Chapter 123N of the Laws of Hong Kong) (“**B(MW)R**”) was passed by the Legislative Council in May 2009 to provide for a simplified control mechanism to facilitate the carrying out of minor works without prior approval of plans by the Buildings Department.

A total of 126 items of building works have been included as minor works under the B(MW)R. Detailed specifications for these 126 items of minor works are set out in Part 3 of Schedule 1 of the B(MW)R. These 126 items of minor works are classified into three classes according to their nature, scale, complexity and risk to safety.

- (1) Class I (total of 44 items) includes mainly those relatively more complicated minor works;
- (2) Class II (total of 40 items) comprises those of comparatively lower complexity and risk to safety; and
- (3) Class III (total of 42 items) mainly includes common household minor works.

REGULATORY OVERVIEW

Under each class of minor works, works are further classified into different types. There are 7 types of minor works corresponding to the specialisation of works in the industry:

- (1) Type A: Alteration & Addition Works
- (2) Type B: Repair Works
- (3) Type C: Works relating to Signboards
- (4) Type D: Drainage Works
- (5) Type E: Works relating to Structures for Amenities
- (6) Type F: Finishes Works
- (7) Type G: Demolition Works

Details of the minor works items under each type of works are set out in Part 2 of Schedule 1 of the B(MW)R.

In order to ensure that only contractors who are able to perform their duties and responsibilities in a competent manner are allowed to carry out the respective items of minor works, they are required to be registered under the Buildings Ordinance.

Under section 8A(1)(c) of the Buildings Ordinance, the Director of Buildings maintains a register of minor works contractors who are qualified to carry out such minor works belonging to the class, type and item specified in the register for which they are registered.

There are two types of Registered Minor Work Contractors, namely Registered Minor Works Contractors (Individual) (“**RMWCs (Ind)**”) and Registered Minor Works Contractors (Company) (“**RMWCs (Co)**”). RMWCs (Ind) are minor work contractors who are registered under section 10(1)(a) of the B(MW)R in the name of an individual self-employed worker. RMWCs (Ind) is only allowed to carry out various items of Class III minor works. RMWCs (Co) are minor work contractors who are registered under section 10(1)(b) of the B(MW)R in the name of a company (including corporations, sole proprietorship and partnership) for carrying out various types and classes of minor works.

Under section 12(5) of the B(MW)R, an applicant for registration as an RMWC (Co) must satisfy the Director of Buildings on the following aspects:

- (a) the appropriate qualifications and experience of its key personnel;
- (b) it has access to plants and resources;
- (c) if it is a corporation, its management structure is adequate;

REGULATORY OVERVIEW

- (d) the ability of the persons appointed to act for the applicant for the purposes of the Buildings Ordinance to understand the minor works under application through relevant experience and a general knowledge of the basic statutory requirements; and
- (e) the applicant is suitable for registration in the register of minor works contractors.

Pursuant to section 12(6) of the B(MW)R, in deciding whether the applicant is suitable for registration in the register of minor works contractors, the Director of Buildings will take into account the following factors:

- (a) whether the applicant has any criminal record in respect of any offence under the laws of Hong Kong relating to the carrying out of any building works; and
- (b) whether any disciplinary order has been made against the applicant.

In considering each application for registration as an RMWC (Co), the Director of Buildings is to have regard to the qualifications, experience and suitability of the following key personnel of the applicant:

- (a) a minimum of one person appointed by the applicant to act for the applicant for the purposes of the Buildings Ordinance hereinafter referred to as the Authorised Signatory (“AS”); and
- (b) for a corporation — a minimum of one director from the board of directors of the applicant, hereinafter referred to as the Technical Director (“TD”), who is authorised by the board to:
 - (i) have access to plants and resources;
 - (ii) provide technical and financial support for the execution of minor works; and
 - (iii) make decisions for the company and supervise the AS and other personnel for the purpose of ensuring that the works are carried out in accordance with the Buildings Ordinance.

The following persons are eligible to become the AS and the TD of the applicant:

- (a) if the applicant is a sole proprietorship, the sole proprietor is the only person eligible to act as the AS.
- (b) if the applicant is a partnership, any partner appointed by all the other partners is eligible to act as the AS.
- (c) if the applicant is a corporation, a suitable person appointed by the board of directors is eligible to act as the AS, whereas the TD must be a director appointed under the Companies Ordinance and appointed by the board of directors to perform the role of TD.

REGULATORY OVERVIEW

A person is allowed to take up the role of the AS as well as the role of the TD of a corporation at the same time provided that he meets the requirements of both AS and TD.

To ensure that adequate supervision and proper management are provided for the carrying out of minor works and to avoid possible situations of conflict of interest, persons who have been accepted as the AS/TD for an RMWC (Co) cannot act as a key personnel for another contractor firm simultaneously.

Pursuant to section 13 of the B(MW)R, the registration as RMWC (Co) is valid for a period of three years commencing from the date of entry of the name in the register of minor works contractors maintained by the Director of Buildings. Under section 14(1) and (2) of B(MW)R, an RMWC (Co) may apply to the Director of Buildings for renewal of registration within a period not earlier than four months and not later than 28 days prior to the expiry of the registration. A renewed registration will expire on the third anniversary of the expiry date of the previous registration.

Under section 13 of the Buildings Ordinance, a Registered Minor Works Contractor, or the director, officer or a person appointed by the Registered Minor Works Contractor who fails to discharge any of the specified duties is subject to inquiry by the disciplinary board appointed under the Buildings Ordinance. The disciplinary board may, among others, order that (i) the name of the registered contractor or the name of the director, officer or person be removed from the relevant register, either permanently or for such period as the disciplinary board thinks fit; (ii) the registered contractor or the director, officer or person be fined a sum up to HK\$250,000; and (iii) the registered contractor or the director, officer or person be reprimanded.

C. General building contractor

Under the current contractor registration system in Hong Kong, a contractor carrying out building works and street works must be registered with the Buildings Department as a (i) general building contractor; (ii) specialist contractor; or (iii) minor works contractor. A building owner is required to appoint contractors from the appropriate register corresponding to the category of building works to be carried out.

Registered general building contractors may carry out general building works and street works which do not include any specialised works designated for registered specialist contractors.

Under section 8B(2) of the Buildings Ordinance, an applicant for registration as a registered general building contractor must satisfy the Building Authority on the following aspects:

- a. if it is a corporation, the adequacy of its management structure;
- b. the appropriate experience and qualifications of its personnel;
- c. its ability to have access to plant and resources; and

REGULATORY OVERVIEW

- d. 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.

In considering each application for registration as registered general building contractor, the Building Authority is to have regard to the qualifications, competence and experience of the following key personnel of the applicant:

- a. a minimum of one person appointed by the applicant to act for the applicant for the purposes of the Buildings Ordinance, that is the “AS”;
- b. for a corporation — a minimum of one director from the board of directors of the applicant, that is the “TD” who is authorised by the board to:
 - (i) have access to plant and resources;
 - (ii) provide technical and financial support for the execution of building works and street works; and
 - (iii) make decisions for the company and supervise the AS and other personnel for the purpose of ensuring that the works are carried out in accordance with the Buildings Ordinance; and
- c. for a corporation which appoints a director who does not possess the required qualification or experience as TD to manage the carrying out of building works and street works — an “other officer” authorised by the board of directors to assist the TD.

As at the Latest Practicable Date, Mr. Wong Ho Yin and Mr. Tse Choi Lam are our AS, and Mr. MP Tsang is our AS and TD of RMWCs (Co). Mr. Shing Yan is our AS and Mr. CK Tsang is our TD of Registered General Building Contractors.

Prior notification to the Buildings Department is required if any of the AS or TD intends to resign from his duties or will cease to be appointed by the contractor. Retrospective notification to the Buildings Department will not be accepted. The registered contractor is required to suspend all the building works immediately if there is no authorised signatory appointed to act for the contractor for the purposes of the Buildings Ordinance or if there is no technical director acting for the contractor and an acceptable replacement is not appointed within a reasonable period of time.

Under the existing employment contracts of Mr. CK Tsang and Mr. MP Tsang, both of them are subject to a six-month notice period in respect of termination of employment. Our Directors confirm that the application to be a technical director will normally take approximately three months whereas the application to be an authorised signatory will normally take approximately three months. Our Directors are of the view that it will not cause any material disruption of our business in the unlikely event that Mr. CK Tsang and Mr. MP Tsang resign to be the TD because (i) Mr. MP Tsang and Mr. CK Tsang are both our executive Directors and Controlling Shareholders and they are both subject to a six-month notice period in respect of termination of employment

REGULATORY OVERVIEW

under their existing employment contracts, which allows sufficient time for the appointment and application to be a technical director; and (ii) the relevant building works carried out by us should only be required to cease if no acceptable replacement of technical director is appointed within a reasonable period of time. In addition, our Directors are of the view that it will not cause any material disruption of our business if any of the AS resigns from our Group in view of the facts that (i) Mr. MP Tsang, who is our AS of RMWC(s)(Co), is unlikely to leave our Group; (ii) there are three AS of RMWC(s)(Co) that if any one of them resigns or retires, immediate action to arrange for a replacement of the alternate AS will be taken and therefore, the compliance with the relevant requirements under Buildings Ordinance can be maintained by the other alternate AS; (iii) Mr. Wong Ho Yin and Mr. Tse Choi Lam and Mr. Shing Yan are subject to a either six-month notice period or twelve-month notice period in respect of termination of employment or engagement as AS, and as at the Latest Practicable Date, our Directors have not received any notice/letter of resignation from them; and (iv) our Group plans to increase the number of AS by encouraging other members of our senior management to apply to be AS of Registered General Building Contractors.

D. Registered Electrical Contractor

The Electricity Ordinance (Chapter 406 of the Laws of Hong Kong) provides for the registration of electrical workers and contractors, and safety requirements for electricity supply and wiring. The definition of electrical works under section 2 of the Electricity Ordinance includes the installation, commissioning, inspection, testing, maintenance, modification or repair of a high or low voltage fixed electrical installation. Examples of fixed electrical installations include but not limited to distribution boards, wiring installations and lighting fittings that are fixed in premises.

Under section 34 of the Electricity Ordinance, no person shall do business as an electrical contractor or contract to carry out electrical work unless he is a Registered Electrical Contractor. All contractors engaged in electrical work on fixed electrical installations must be registered with the Electrical and Mechanical Services Department to ensure that such work carried out is solely by qualified electrical workers through a Registered Electrical Contractor.

To qualify as a Registered Electrical Contractor, an individual or a corporate applicant must employ at least one registered electrical worker. If the applicant is a partnership, at least one of the partners must be a registered electrical worker.

Under regulation 9 of the Electricity (Registration) Regulations (Chapter 406D of the Laws of Hong Kong), an application for registration as a electrical contractor should be submitted to the Director of Electrical and Mechanical Services the comprising:

- (i) a form required by the Director of Electrical and Mechanical Services;
- (ii) documents that are relevant to the applicant's registration or qualifications for registration; and
- (iii) the specified application fee.

REGULATORY OVERVIEW

Under regulation 12 of the Electricity (Registration) Regulations, a registration as a Registered Electrical Contractor is valid for the 3-year period shown on the certificate of registration. Regulation 13 of the Electricity (Registration) Regulations stipulates that a Registered Electrical Contractor shall apply to the Director of Electrical and Mechanical Services for renewal of registration within one to four months prior to the expiry of the existing registration.

HISTORY, CORPORATE STRUCTURE AND REORGANISATION

OVERVIEW

Our history can be traced back to 2004 when Double Gain was co-founded by two friends, namely Mr. CK Tsang and Mr. MP Tsang who had known each other since the 1980s, with their personal wealth. Both Mr. CK Tsang and Mr. MP Tsang had been working in the construction industry prior to the establishment of our Group and had worked together on certain occasions in 2003. In 2004, Mr. CK Tsang and Mr. MP Tsang decided to leverage on their expertise and ventured to start their own company together. Prior to the incorporation of Double Gain, Mr. CK Tsang and Mr. MP Tsang had respectively accumulated more than six and eight years of experience in the construction industry.

At the commencement of operation, Double Gain was engaged as a subcontractor in the provision of RMAA services in Hong Kong. Leveraging on its experience and established networks in the industry, Double Gain expanded its business and started to provide building construction services since 2010.

As the Latest Practicable Date, Double Gain was a Registered Subcontractor, a Registered Minor Works Contractor, a Registered General Building Contractor and a Registered Electrical Contractor.

Set forth below is a chronological review of the key business milestones of our Group:

<u>Year</u>	<u>Event</u>
2004	Double Gain was incorporated in Hong Kong
2005	Double Gain commenced its business of provision of RMAA services
2010	Double Gain became a Registered Subcontractor under the Subcontractor Registration Scheme Double Gain commenced its business of provision of building construction services
2012	Double Gain was registered as a Registered Minor Works Contractor of the Buildings Department
2014	Double Gain participated in minor works for Hong Kong Government properties in NT west with an awarded contract sum of approximately HK\$206 million

HISTORY, CORPORATE STRUCTURE AND REORGANISATION

Year	Event
2016	<p>Double Gain participated in RMAA services of aided schools at NT east with an awarded contract sum of approximately HK\$436 million</p> <p>Double Gain participated in RMAA services of aided schools at NT west with an awarded contract sum of approximately HK\$264 million</p> <p>Double Gain participated in superstructure and external works in relation to construction of two 6-storey columbarium blocks, demolition of staff quarters and road enhancement works with an awarded contract sum of approximately HK\$286 million</p> <p>Double Gain was awarded the Bronze Award Recognizing Excellence in Safety for Safe Subcontractor Award 2016 by the Lighthouse Construction Industry Charity</p>
2017	<p>Double Gain participated in maintenance and repair work for Hong Kong Government properties on Hong Kong Island with an awarded contract sum of approximately HK\$320 million</p> <p>Double Gain participated in maintenance and repair work for Hong Kong Government properties at NT east and outlying islands with an awarded contract sum of approximately HK\$615 million</p>

CORPORATE DEVELOPMENT

Our Group comprises our Company and two subsidiaries. Set out below is the brief history of our Company and its subsidiaries.

Our Company

Our Company, being the listing vehicle of our Group, was incorporated in the Cayman Islands as an exempted company with limited liability on 4 July 2017 and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 4 August 2017. As at the date of incorporation, our Company had an authorised share capital of HK\$390,000 divided into 39,000,000 Shares of HK\$0.01 each, of which one Share was allotted and issued as fully paid to an initial subscriber (who is an Independent Third Party) at par. On the same date, such subscriber transferred the share to Giant Winchain at par, and additional 2,249 Shares, 250 Shares, 3,750 Shares and 3,750 Shares were allotted and issued as fully paid to Giant Winchain, Wealth-In, Great Star and Universe King at par respectively. On 23 January 2018, as part of the Reorganisation, Giant Winchain, Wealth-In, Great Star, Universe King and our Company entered into a share swap agreement, pursuant to which each of Giant Winchain, Wealth-In, Great Star and Universe King transferred their respective shareholding interest in Nation Max to our Company in consideration of

HISTORY, CORPORATE STRUCTURE AND REORGANISATION

our Company allotted and issued credited as fully paid 225 Shares, 25 Shares, 375 Shares and 375 Shares to Giant Winchain, Wealth-In, Great Star and Universe King respectively. Following completion of the Reorganisation, our Company became the holding company of our subsidiaries. For details of the Reorganisation, please refer to the paragraph headed “Reorganisation” below in this section.

Nation Max

Nation Max was incorporated in the BVI with limited liability on 16 May 2017 having an authorised share capital of US\$50,000 which consists of a maximum of 50,000 shares with a par value of US\$1.00 each, of which 2,250 shares, 250 shares, 3,750 shares and 3,750 shares were allotted and issued as fully paid to Giant Winchain, Wealth-In, Great Star and Universe King at par respectively.

On 21 July 2017, Giant Winchain, Wealth-In, Mr. MP Tsang, Mr. CK Tsang and Nation Max entered into a share swap agreement, pursuant to which each of Giant Winchain, Wealth-In, Mr. MP Tsang and Mr. CK Tsang transferred its/his respective shareholding interest in Double Gain to Nation Max in consideration of Nation Max allotted and issued credited as fully paid 225 shares and 25 shares to Giant Winchain and Wealth-In respectively, and at the instruction of Mr. MP Tsang and Mr. CK Tsang, allotted and issued 375 shares to each of Great Star and Universe King respectively. As a result, Nation Max was owned as to 2,475 shares, 275 shares, 4,125 shares and 4,125 shares by Giant Winchain, Wealth-In, Great Star and Universe King respectively.

On 23 January 2018, as part of the Reorganisation, Giant Winchain, Wealth-In, Great Star and Universe King and our Company entered into a share swap agreement, pursuant to which each of Giant Winchain, Wealth-In, Great Star and Universe King transferred its respective shareholding interests in Nation Max to our Company, in consideration of our Company allotting and issuing 225 Shares, 25 Shares, 375 Shares and 375 Shares credited as fully paid, to Giant Winchain, Wealth-In, Great Star and Universe King respectively.

Upon completion of the Reorganisation, Nation Max became a wholly-owned subsidiary of our Company. For details of the Reorganisation, please refer to the paragraph headed “Reorganisation” below in this section.

Nation Max has become an intermediate holding company of our Group on 23 January 2018.

Double Gain

On 15 December 2004, Double Gain was incorporated in Hong Kong with limited liability. As at the date of incorporation, Double Gain allotted and issued as fully paid 5,000 shares to each of Mr. CK Tsang and Mr. MP Tsang respectively.

On 29 March 2017, Giant Winchain, Wealth-In, Mr. MP Tsang, Mr. CK Tsang and Double Gain entered into a subscription agreement, pursuant to which each of Giant Winchain and Wealth-In subscribed and Double Gain allotted and issued 3,000 shares and 333 shares to Giant Winchain

HISTORY, CORPORATE STRUCTURE AND REORGANISATION

and Wealth-In respectively at the respective consideration of HK\$18,000,000 and HK\$2,000,000. Upon completion of the above subscription on 1 April 2017, the shareholding interest of Double Gain was beneficially owned as to approximately 22.5%, 2.5%, 37.5% and 37.5% by Giant Winchain, Wealth-In, Mr. CK Tsang and Mr. MP Tsang respectively.

On 21 July 2017, as part of the Reorganisation, Giant Winchain, Wealth-In, Mr. MP Tsang, Mr. CK Tsang and Nation Max entered into a share swap agreement, pursuant to which each of Giant Winchain, Wealth-In, Mr. MP Tsang and Mr. CK Tsang transferred its/his respective shareholding interest in Double Gain to Nation Max in consideration of Nation Max allotted and issued credited as fully paid 225 Shares and 25 Shares to Giant Winchain and Wealth-In respectively, and at the instruction of Mr. MP Tsang and Mr. CK Tsang, allotted and issued 375 Shares to each of Great Star and Universe King respectively. As a result, Double Gain became a wholly owned subsidiary of Nation Max.

PRE-IPO INVESTMENT

Background of the Pre-IPO Investors

The Pre-IPO Investors are Giant Winchain and Wealth-In, both are investment holding companies incorporated in the BVI. Giant Winchain was incorporated on 18 January 2016 with Mr. Lai as the sole legal and beneficial owner. Wealth-In was incorporated on 15 March 2017 with Mr. Wong as the sole legal and beneficial owner. To the best knowledge and belief of our Directors, Mr. Lai and Mr. Wong are acquaintances and not related to each other and they financed the Pre-IPO Investment out of their own personal wealth. The Pre-IPO investors and their respective ultimate beneficial owners are Independent Third Parties. Mr. Lai and Mr. Wong decided to invest in our Group with their confidence in the prospect of construction industry in Hong Kong and the performance of our Group.

Background of Mr. Lai

Mr. Lai has extensive experience in the Hong Kong capital markets with several years of experience in direct investment in both listed and non-listed companies. He obtained a bachelor degree in Social Science from The University of Hong Kong in 1986 and a master of Science degree in Accounting and Finance from The London School of Economics and Political Science in August 1990. He was a Certified International Investment Analyst in 2003. Mr. Lai has worked in various securities and brokerage firms which are licenced under the SFO to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities (as the case may be). Our Directors believe that our Group can leverage on the connections and networking of Mr. Lai established through his investments and work experience, which may assist our Group in the future as and when fund raising and financing needs may arise in obtaining financing and gaining new opportunities so as to broaden our customer base.

HISTORY, CORPORATE STRUCTURE AND REORGANISATION

Background of Mr. Wong

Mr. Wong has over 10 years of experience in the construction industry. After obtaining his bachelor degree of science with minor in Mathematics from San Jose State University in 2004, Mr. Wong has been working in Sincere Engineering & Trading Co., Ltd which is principally engaged in the trading and rental of equipment such as excavators, cranes, fork lifts, bulldozers. It is a long-established company with offices in Hong Kong and China trading used construction machines from Japan. Mr. Wong, being experienced in the business of rental and trading of machineries used in the construction industry, may be able to bring synergies to facilitate or introduce new businesses to our Group. He may be able to provide valuable business advice to our Group in relation to, *inter alia*, the rental of machineries and equipment and the terms of purchase of the same in the best interest of our Group as and when required.

Investment

With the same industry background, Mr. Wong got acquainted with Mr. CK Tsang in around 2015 and knew about the business of Double Gain from Mr. CK Tsang. Upon knowing that Double Gain required capital for business expansion, Mr. Wong expressed interest in investing in Double Gain and introduced Mr. Lai to Mr. CK Tsang for the potential investment in Double Gain, whereas Mr. Wong also met Mr. Lai on a social occasion in around 2015. In view of the prospects and potential growth of our Group and the industry, Mr. Lai and Mr. Wong decided to invest in our Group in 2017.

Our Directors are of the view that Mr. Lai and Mr. Wong not only can provide funds to our Group for business expansion, but can also contribute to the business development of our Group with their respective experience and expertise. Our Group may be able to leverage on the connection and networking of Mr. Lai whereas Mr Wong with his connections in the construction industry may introduce market players to our Group which can potentially broaden the customer base of our Group.

On 29 March 2017, a subscription agreement was entered into among Giant Winchain, Wealth-In, Mr. CK Tsang, Mr. MP Tsang and Double Gain, pursuant to which Giant Winchain and Wealth-In subscribed for 3,000 shares and 333 shares of Double Gain at the consideration of HK\$18,000,000 and HK\$2,000,000, respectively. The subscription price was arrived at after arm's length negotiations between the parties and taking into account of the audited profit after tax of Double Gain for the year ended 31 March 2016 and the prospects of the construction industry. The said 3,333 shares were properly and legally allotted and issued credit as fully paid on 1 April 2017. After the said allotment, Double Gain was owned as to 37.5% by Great Star, 37.5% by Universe King, 22.5% by Giant Winchain and 2.5% by Wealth-In.

HISTORY, CORPORATE STRUCTURE AND REORGANISATION

The subscription agreement was entered into in March 2017, which was almost a year before the Listing Date. At the time of the investment made by Mr. Lai and Mr. Wong, it was uncertain as to whether our Group could be listed on the Stock Exchange. Mr. Lai and Mr. Wong undertook the risk of investing in our Group and made available additional capital for our Group with their investments. Our Directors are of the view that the advice rendered by Mr. Wong and Mr. Lai in respect of capital market and the construction industry respectively has been helpful for our Group's development and expansion in the past year, which made it fair and reasonable for their investments to have been made at a discount to the Offer Price to reflect a growth in their investment value.

Set out below is a summary of the details for the Pre-IPO Investment mentioned above.

Names of Pre-IPO investors:	Giant Winchain and Wealth-In
Date of subscription agreement:	29 March 2017
Subscription price:	HK\$20,000,000
Payment dates of subscription price:	7 April 2017 for HK\$1,000,000 by Wealth-In 10 April 2017 for HK\$9,000,000 by Giant Winchain 23 June 2017 for HK\$1,000,000 by Wealth-In 23 June 2017 for HK\$9,000,000 by Giant Winchain
Number of shares of Double Gain subscribed:	3,333 shares, of which 3,000 shares and 333 shares to Giant Winchain and Wealth-In respectively (representing approximately 22.5% and 2.5% respectively of the total issued share capital of Double Gain upon completion of the Pre-IPO Investment)
Shareholding in our Company immediately after completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme):	Giant Winchain — approximately 16.88% Wealth-In — approximately 1.88%

HISTORY, CORPORATE STRUCTURE AND REORGANISATION

Investment cost per Share on the basis of the enlarged share capital of our Company immediately after completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme) and discount to mid-point of the Offer Price range:

Approximately HK\$0.29, representing approximately 58.6% discount to the mid-point of the indicative Offer Price range

Use of proceeds:

Working capital of our Group (*Note*)

Strategic benefits that the pre-IPO investors will bring to our Group:

Our Directors believe that the investment made by each of Giant Winchain and Wealth-In, as a shareholder of our Company, can contribute fundings and strengthen the capital base of our Group. Mr. Lai and Mr. Wong with their established network may assist in the future obtaining of financing and fund raising of our Group if needed and help expand the customer base of our Group respectively, which will bring strategic benefits for the development and expansion of our Group as discussed above.

Special rights:

Nil

Lock-up:

Nil

Note: As at the Latest Practicable Date, all of the proceeds from the Pre-IPO Investment has been utilised.

The Sole Sponsor has confirmed that the Pre-IPO Investment detailed above is in compliance with the Interim Guidance on Pre-IPO investment issued on 13 October 2010 by the Stock Exchange and the Guidance Letter HKEx-GL43-12 issued in October 2012 and updated in July 2013 and March 2017 by the Stock Exchange based on their review of relevant documents.

PARTIES ACTING IN CONCERT

On 9 August 2017, Mr. CK Tsang and Mr. MP Tsang entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, among other things that they are parties acting in concert (having the meaning as ascribed thereto in the Takeovers Code) in respect of each of the

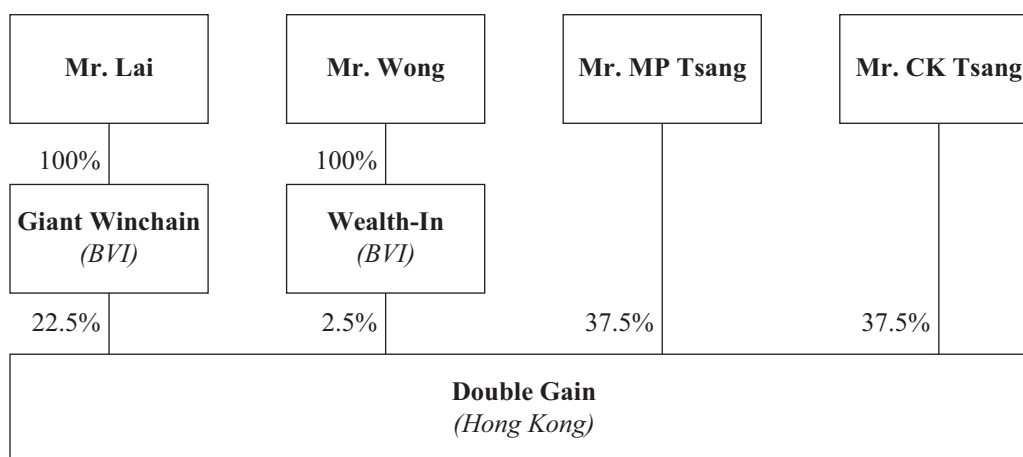
HISTORY, CORPORATE STRUCTURE AND REORGANISATION

members of our Group (the “**Relevant Companies**”) since their respective dates of incorporation and should they remain as the management and/or hold shareholding interests of the Relevant Companies (whether direct or indirect interest):

- (a) they shall, and shall procure Universe King and Great Star (as the case may be) to, continue to act in concert and collectively discuss all major management issues and make and/or execute all commercial decisions, including but not limited to the finance and operation of the Relevant Companies;
- (b) they shall, and shall procure Universe King and Great Star (as the case may be) to, continue to give unanimous consent, approval or rejection on any other material issues and decisions in relation to the business of the Relevant Companies;
- (c) they shall, and shall procure Universe King and Great Star (as the case may be) to, continue to cast unanimous vote collectively for or against all resolutions in all meetings (including directors’ and shareholders’ meetings) and discussions of the Relevant Companies; and
- (d) they shall, and shall procure Universe King and Great Star (as the case may be) to, continue to cooperate with each other to obtain and maintain the consolidated control and the management of the Relevant Companies.

REORGANISATION

The following chart shows the shareholding structure of our Group immediately prior to the Reorganisation and the Share Offer:



HISTORY, CORPORATE STRUCTURE AND REORGANISATION

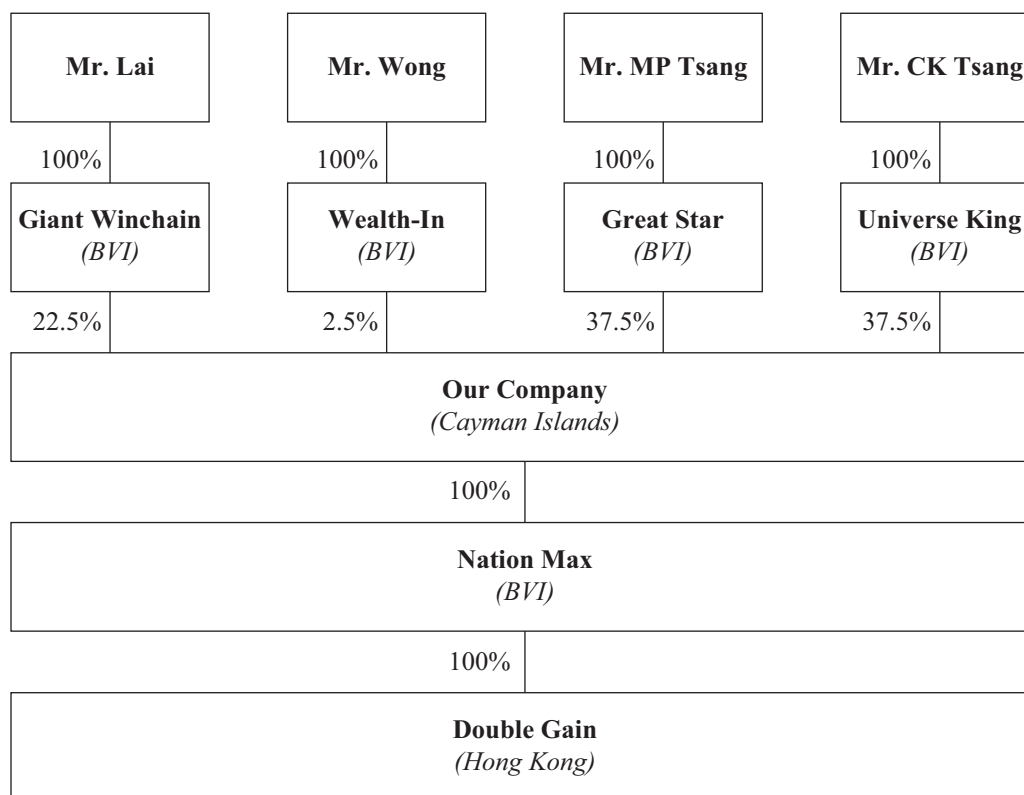
In preparation for the Listing, our Company was incorporated in the Cayman Islands and the companies comprising our Group have undergone a group reorganisation to rationalise our Group structure. The Reorganisation involved the following steps:

- (1) On 24 April 2017, Great Star was incorporated in the BVI with limited liability, which was authorised to issue a maximum of 50,000 shares with a par value of US\$1.00 each, of which 1,000 shares were allotted and issued as fully paid to Mr. MP Tsang at par. Great Star was set up as a vehicle of Mr. MP Tsang to hold his interest in our Company.
- (2) On 25 April 2017, Universe King was incorporated in the BVI with limited liability, which was authorised to issue a maximum of 50,000 shares with a par value of US\$1.00 each, of which 1,000 shares were allotted and issued as fully paid to Mr. CK Tsang at par. Universe King was set up as a vehicle of Mr. CK Tsang to hold his interest in our Company.
- (3) On 16 May 2017, Nation Max was incorporated in the BVI with limited liability as an intermediate holding company of our Group, which was authorised to issue a maximum of 50,000 shares with a par value of US\$1.00 each, of which 2,250 shares, 250 shares, 3,750 shares and 3,750 shares were allotted and issued as fully paid to Giant Winchain, Wealth-In, Great Star and Universe King at par respectively.
- (4) On 4 July 2017, our Company was incorporated in the Cayman Islands with limited liability having an authorised share capital of HK\$390,000 divided into 39,000,000 Shares of HK\$0.01 each, of which one Share was allotted and issued as fully paid to an initial subscriber (who is an Independent Third Party) at par. On the same date, such Share was transferred to Giant Winchain at par, and additional 2,249 Shares, 250 Shares, 3,750 Shares and 3,750 Shares were allotted and issued as fully paid to Giant Winchain, Wealth-In, Great Star and Universe King at par respectively.
- (5) On 21 July 2017, Giant Winchain, Wealth-In, Mr. MP Tsang, Mr. CK Tsang and Nation Max entered into a share swap agreement, pursuant to which each of Giant Winchain, Wealth-In, Mr. MP Tsang and Mr. CK Tsang respectively transferred 3,000 shares, 333 shares, 5,000 shares and 5,000 shares of Double Gain (represented the then entire issued share capital of Double Gain) to Nation Max in consideration of Nation Max allotted and issued credited as fully paid 225 shares and 25 shares to Giant Winchain and Wealth-In respectively, and at the instruction of Mr. MP Tsang and Mr. CK Tsang, allotted and issued 375 shares to each of Great Star and Universe King respectively. As a result, Double Gain became a wholly-owned subsidiary of Nation Max.
- (6) On 23 January 2018, Giant Winchain, Wealth-In, Great Star, Universe King and our Company entered into a share swap agreement pursuant to which each of Giant Winchain, Wealth-In, Great Star and Universe King respectively transferred 2,475 shares, 275 shares, 4,125 shares and 4,125 shares of Nation Max (represented the then entire issued share capital of Nation Max) to our Company in consideration of our Company

HISTORY, CORPORATE STRUCTURE AND REORGANISATION

allotted and issued credited as fully paid 225 Shares, 25 Shares, 375 Shares and 375 Shares to Giant Winchain, Wealth-In, Great Star and Universe King respectively. As a result, Nation Max became a wholly-owned subsidiary of our Company.

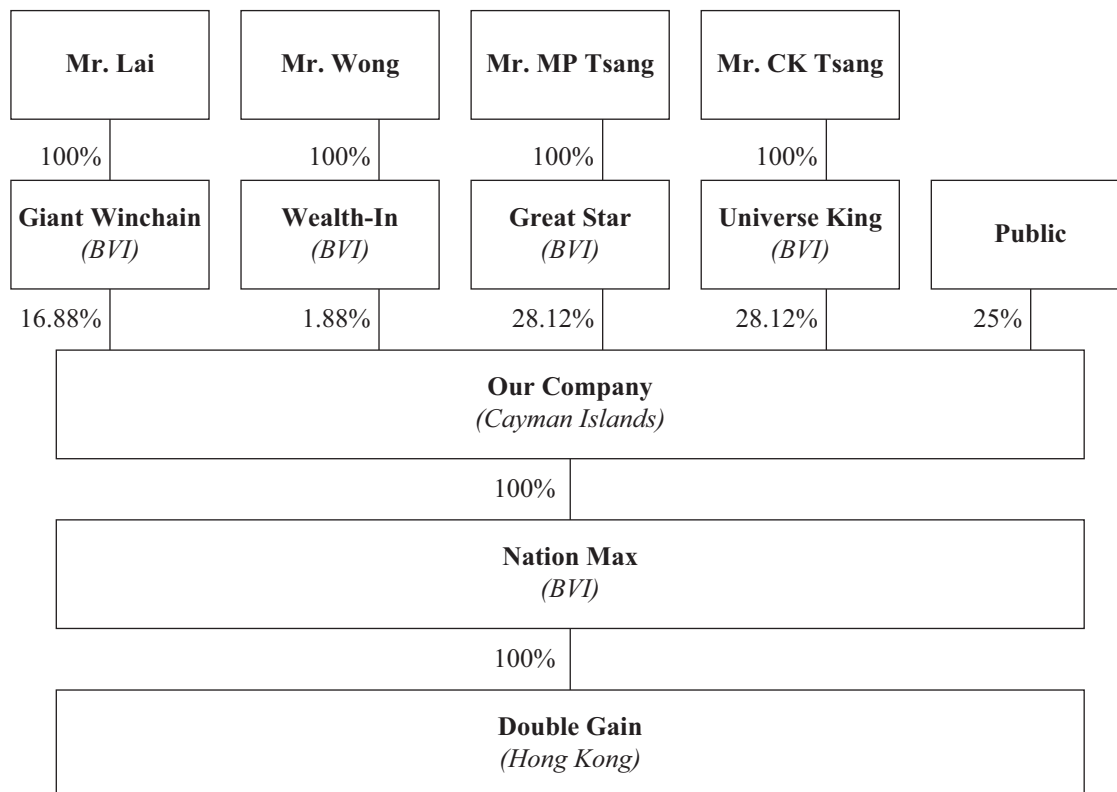
The following chart sets out the shareholding structure of our Group immediately after the Reorganisation but prior to the Share Offer and the Capitalisation Issue:



Conditional on the share premium account of our Company being credited with the proceeds of the Share Offer, an appropriate sum will be capitalised and applied in paying up in full such number of Shares in our Company to be allotted and issued to Giant Winchain, Wealth-In, Great Star and Universe King in proportion to their respective shareholdings so that the number of Shares so allotted and issued, when aggregated with the number of Shares in our Company already owned by it, will constitute not more than 75% of the total issued share capital of our Company.

HISTORY, CORPORATE STRUCTURE AND REORGANISATION

The following chart sets forth the shareholding structure of our Group immediately following the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme):



BUSINESS

OVERVIEW

Founded in 2004, our Group is an established construction contractor in Hong Kong, principally engaged in subcontracting works providing RMAA services and building construction services.

Our RMAA services include general upkeep, restoration and improvement of existing facilities and components of buildings and their surroundings; and our building construction services primarily consist of building works and civil works for new buildings such as lift tower, soccer field and walkways. We engaged subcontractors to assist with projects that are generally labour intensive or require specific skillset.

The following table sets forth a breakdown of our revenue by dominating type of services provided in our projects during the Track Record Period:

	For the year ended 31 March				For the four months ended 31 July			
	2016		2017		2016		2017	
	HK\$'000	% of total revenue	HK\$'000	% of total revenue	HK\$'000	% of total revenue	HK\$'000	% of total revenue
RMAA services	206,745	80.8	379,571	88.2	97,903	85.7	82,406	84.8
Building construction services	49,252	19.2	50,953	11.8	16,315	14.3	14,817	15.2
Total	255,997	100.0	430,524	100.0	114,218	100.0	97,223	100.0

The follow table sets forth a breakdown of our revenue by sectors during the Track Record Period:

	For the year ended 31 March				For the four months ended 31 July			
	2016		2017		2016		2017	
	HK\$'000	% of total revenue	HK\$'000	% of total revenue	HK\$'000	% of total revenue	HK\$'000	% of total revenue
Public sector projects	236,462	92.4	409,202	95.0	98,851	86.5	95,535	98.3
Private sector projects	19,535	7.6	21,322	5.0	15,367	13.5	1,688	1.7
Total	255,997	100.0	430,524	100.0	114,218	100.0	97,223	100.0

BUSINESS

During the Track Record Period, we secured new businesses mainly through participating in direct invitation to tender or request for quotation by customers on a project-by-project basis. Upon securing contracts, our project teams endeavour to ensure the work conducted by our workers and/or subcontractors conform to contract requirements including specification, quality, safety and environmental protection and that projects are completed on schedule and within budget. During the Track Record Period and up to the Latest Practicable Date, we had completed 12 RMAA services and three building construction services projects with awarded contract sum of more than HK\$3.0 million each. As at the Latest Practicable Date, we had nine RMAA services and two building construction services projects in progress with awarded contract sum of more than HK\$3.0 million each. Further details of our projects are set out in the paragraph headed “Our services” in this section of the prospectus.

During the Track Record Period, our customers were substantially main contractors of RMAA services and building construction services projects in Hong Kong. For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, our top five customers accounted for approximately 93.2%, 93.0% and 96.7% of our total revenue, respectively. During the Track Record Period, our five largest customers have maintained business relationship with us for a period ranging from one to 12 years.

For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, the percentage of our Group’s cost of services attributable to our five largest suppliers in aggregate was approximately 7.2%, 3.0% and 3.9% respectively. During the Track Record Period, we had no material shortage of materials. For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, our five largest suppliers have maintained business relationship with us for a period ranging from one to 15 years. For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, the percentage of the total cost of services attributable to the largest subcontractor amounted to approximately 6.1%, 9.8% and 8.4% of the total cost of services respectively, while the percentage of the total cost of services attributable to the five largest subcontractors combined amounted to approximately 14.9%, 24.5% and 29.2% of the total cost of services, respectively. For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, our five largest subcontractors have maintained business relationship with us for period ranging from one to ten years.

COMPETITIVE STRENGTHS

We believe we have stayed ahead of our competitors by having the following competitive strengths:

Established track record and reputation in the construction industry

Our Group has been operating in the construction industry in Hong Kong since 2005 and has undertaken various types of contracts covering different districts in Hong Kong. During the Track Record Period and up to the Latest Practicable Date, our Group completed 12 RMAA services projects and three building construction services projects with awarded contract sum of more than HK\$3.0 million each. Through the projects completed over the

years, our Group has accumulated vast experience in executing RMAA services and building construction services projects. Our Directors believe that the quality services consistently provided by us has gradually built up our Group's reputation in the industry.

Long-term relationships with some of our major customers, suppliers and subcontractors

We have established long-term business relationships with some of our major customers during the Track Record Period, including Chun Wo, G&E Engineering Limited and Citylink Design and Build Limited, each for over seven years. Our Directors believe that our long-term relationships with some of our major customers reflect positively on our Group as a valued working party to their projects.

We have established long-term business relationships with some of our major suppliers during the Track Record Period, including supplier E, supplier G, supplier H and supplier I, each for over ten years. Our Directors believe that established business relationships with our material suppliers help ensure the quality of materials supplied to us and allow our Group to have adequate supply of materials especially when there is a limited supply situation.

We have also established long-term business relationships with some of our major subcontractors during the Track Record Period, including our subcontractor A and subcontractor E, each for over eight years. Our Directors believe that an established relationship with subcontractors is a strength and edge in maintaining our competitiveness in the market and helps ensure quality, stability and efficiency of our operations.

Experienced and professional management teams

We have an experienced and professional management with extensive operational expertise and in-depth understanding of the RMAA and building construction services markets in Hong Kong, which allows us to be informed of market trends when formulating our market position and developing business strategies.

One of our executive Directors, Mr. CK Tsang, who is also the co-founder of our Group, has over 15 years of experience in the construction industry and Mr. MP Tsang, the other co-founder of our Group, has over 21 years of experience in the construction industry. Please refer to the section headed "Directors, senior management and employees" in this prospectus for the qualifications and experience of our Directors.

Our project management teams have industry and technical knowledge in RMAA and building construction services, and our technical employees have the practical skills and experience. Our project management staff have relevant industry experience and possess relevant professional qualifications as required for the construction works. As at the Latest Practicable Date, all of our project managers possess relevant qualification to supervise our RMAA and building construction services. Some of our technical staff including quantity surveyors and foremen have been working with us for over eight years. We believe their

BUSINESS

project management experience and technical knowledge in RMAA and building construction services market would facilitate the efficient and timely implementation and management of our projects.

We believe the combination of our management's expertise and knowledge of the construction industry in Hong Kong, together with our qualified and experienced project management and technical staff have been and will continue to be our valuable assets, which will enable us to take up projects of various scale and building type and fulfil our customers' requirements. For further details of our management experience and qualifications, please refer to the section headed "Directors, senior management and employees" in this prospectus.

We are committed and are able to maintain safety standards

We place considerable emphasis on safety standards. In 2016, our Group has received the Bronze Award Recognizing Excellence in safety for safe subcontractor award 2016 by Lighthouse Construction Industry Charity. In addition, according to the F&S Report, it is common for work injuries in the construction industry. During the Track Record Period, our Group recorded nil work injury.

BUSINESS STRATEGIES

We intend to strengthen our market position and increase our market share by pursuing the following strategies:

Continue to strengthen our market position in the industry and expand our market share in Hong Kong

With reference to the F&S Report, the size of the Hong Kong construction market increased from approximately HK\$253.3 billion in 2012 to approximately HK\$407.5 billion in 2016, representing a CAGR of approximately 12.6%. In 2016, the RMAA services market accounted for approximately 17.4% of the total construction market size. The construction market size is expected to increase to approximately HK\$541.9 billion in 2021, representing a CAGR of approximately 5.9% from 2016 to 2021. While the construction market is expected to grow, our Group only held approximately 0.5% and approximately 0.014% of the market share in 2016 in the RMAA and the building construction services markets, respectively, and we plan to continue to strengthen our capacity in undertaking further RMAA and building construction services projects in Hong Kong. Given that we have been invited to submit tenders and provide quotation for a large number of projects, our Directors consider that our Group has opportunities to expand our business.

BUSINESS

Further strengthening our manpower

We believe that a strong team of employees equipped with the relevant industry knowledge and experience is crucial to our continuing success. In addition, the involvement of our Directors and senior management at different stages of the projects, such as preparation and submission of tender and quotation, project implementation and execution, is crucial to complete the projects on time and to the satisfaction of our customers. Furthermore, our Directors believe that a key to our success is our ability to recruit, retain, motivate and develop talented and experienced staff members. In order to cater for the growing demand for RMAA and building construction services, we intend to expand our labour resources by recruitment of additional staff, in particular experienced or skilled staff such as surveyors and project managers. For details of our recruitment plan, please refer to the section headed “Future plans and use of proceeds — Implementation plans” in this prospectus. We also plan to sponsor our staff to attend technical seminars and occupational health and safety courses organised by third parties so as to raise our standard and quality of services.

Implementation of business strategies

For further details on the implementation of the abovementioned business strategies, please refer to the section headed “Future plans and use of proceeds” in this prospectus.

OUR SERVICES

During the Track Record Period, we mainly served as a subcontractor in RMAA and building construction services in Hong Kong. Some of our projects involved providing both RMAA and building construction services. The following table sets forth a breakdown of our revenue by dominating type of service provided in our projects during the Track Record Period:

	For the year ended 31 March				For the four months ended 31 July			
	2016		2017		2016		2017	
	HK\$'000	% of total revenue	HK\$'000	% of total revenue	HK\$'000	% of total revenue	HK\$'000	% of total revenue
RMAA services	206,745	80.8	379,571	88.2	97,903	85.7	82,406	84.8
Building construction services	49,252	19.2	50,953	11.8	16,315	14.3	14,817	15.2
Total	<u>255,997</u>	<u>100.0</u>	<u>430,524</u>	<u>100.0</u>	<u>114,218</u>	<u>100.0</u>	<u>97,223</u>	<u>100.0</u>

BUSINESS

During the Track Record Period, a significant portion of our revenue was derived from public sector projects which accounted for approximately 92.4%, 95.0% and 98.3% of our total revenue for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017 respectively. All our revenue has been derived from services provided in Hong Kong. Set out below is a breakdown our revenue by sectors during the Track Record Period:

	For the year ended 31 March				For the four months ended 31 July			
	2016		2017		2016		2017	
	HK\$'000	% of total revenue	HK\$'000	% of total revenue	HK\$'000	% of total revenue	HK\$'000	% of total revenue
Public sector projects	236,462	92.4	409,202	95.0	98,851	86.5	95,535	98.3
Private sector projects	19,535	7.6	21,332	5.0	15,367	13.5	1,688	1.7
Total	255,997	100.0	430,524	100.0	114,218	100.0	97,223	100.0

RMAA services

We have been providing RMAA services for both public sector projects and private sector projects in Hong Kong since 2005. Our main responsibilities include general upkeep, restoration and improvement of existing facilities and components of the buildings and their surroundings. In providing our RMAA services, we also procure materials for our customers and where necessary, our subcontractors to assist with the relevant projects, and ensure the works carried out by our subcontractors in accordance with the contract specifications and our customers' requirements. During the Track Record Period, we carried out RMAA services for different organisations in the public sector such as the Hospital Authority, Hong Kong Police Force, Food and Health Bureau and the Education Bureau, through the engagement by our customers, being substantially main contractors of the relevant projects. During the Track Record Period, revenue derived from our RMAA services was approximately HK\$206.7 million, HK\$379.6 million and HK\$82.4 million for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively, which amounted for approximately 80.8%, 88.2% and 84.8% of our total revenue for the same period, respectively.

BUSINESS

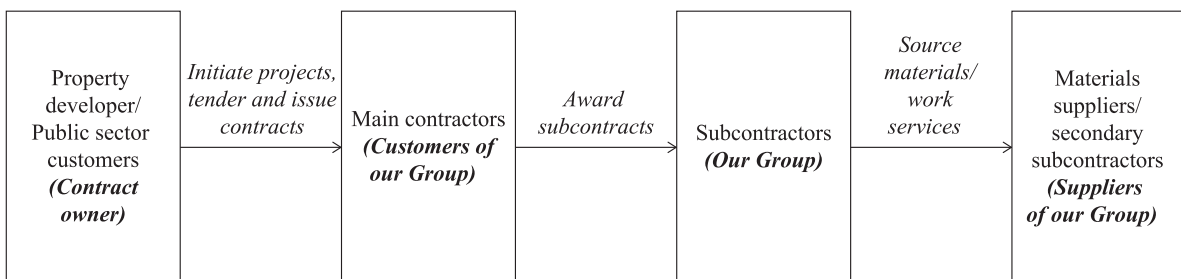
Building construction services

We have been providing building construction services for public sector projects in Hong Kong since 2011. Our main responsibilities consist of building works and civil works, such as site clearance, site formation, piling, structure work, plastering, installation of doors, windows and floor tiles and site coordination for new buildings such as lift tower, soccer field and walkways. Our building construction services also include procuring materials and where necessary, engagement of subcontractors to assist with the relevant projects, and ensuring the works carried out by our subcontractors in accordance with the contract specifications and our customers' requirements. During the Track Record Period, revenue derived from our building construction services were approximately HK\$49.3 million, HK\$51.0 million and HK\$14.8 million for the years ended 31 March 2016 and 2017 and for the four months ended 31 July 2017, respectively, which amounted for approximately 19.2%, 11.8% and 15.2% of our total revenue for the same period, respectively.

OUR BUSINESS MODEL AND OPERATION

During the Track Record Period and up to the Latest Practicable Date, we had completed 12 RMAA services projects and three building construction services projects with awarded contract sum of more than HK\$3.0 million each.

The following diagram illustrates the role of our Group as a subcontractor within our projects:



BUSINESS

For illustration purpose, a simplified flow diagram of the key operational procedures undertaken by our Group in relation to our services is outlined below:

Project identification



Tendering/Quotation submission (1–4 weeks)

- Tender/quotation review and preparation process
- Submission of tender/quotation proposed and award of contract
- Price determination



Project implementation

- Formation of project team (1–2 weeks)
- Procurement of materials and equipment
- Implementation of works by direct labour and/or delegation of works to our subcontractors (subject to contract term)



Completion of works

- Inspection
- Application for payment and certification

----- Practical completion



Defect liability period (normally 12 months)

----- Return of retention money

Project identification

We generally identify potential projects through (i) invitation to tender; or (ii) requests for quotation, from our customers. The tender notice or quotation request generally includes a brief descriptions of the works required, expected contract period, closing time of submitting tender or providing quotation and other particulars of the project.

Tendering/Quotation submission

Tender or quotation review and preparation process

Our Group has a tendering team which consists of quantity surveyor and is led by our executive Directors, Mr. CK Tsang and Mr. MP Tsang. For details of the qualifications of Mr. CK Tsang and Mr. MP Tsang, please refer to the section headed “Directors, senior management and employees” in this prospectus. Upon receiving an invitation to submit tender or quotation request,

the tendering team will review the invitation for tender or quotation request with respect to the scope of work, complexity, difficulty, cost, time frame and similar projects previously completed by our Group for the evaluation of the manageability and profitability of the project.

We will also conduct a preliminary analysis and our tendering team will generally conduct risk assessment to assess whether our Group has the necessary licences, resources and funding to meet contract requirements. Results of such analysis and assessment, together with the profitability and manageability of the project, will be considered in the preparation of tender or quotation. We generally prepare tenders and/or quotations based on the estimated costs to be incurred plus a certain mark-up percentage. For our pricing strategy, please refer to the paragraph headed “Pricing strategy” in this section of the prospectus. Our tender generally includes (i) form of tender; (ii) schedule of rates/bill of quantities; and (iii) summary of tender. Our quotation generally includes (i) schedule of rates/bill of quantities; (ii) description of contract work elements; and (iii) the proposed total contract value.

The process commencing from the invitation to submit tender or request to provide quotation to acceptance of our tender or quotation from customers generally takes around one to four weeks. The time taken for submission of tender or preparing quotation and award of contract is generally dependent on the size and complexity of the project.

Submission of tender or quotation proposed and award of contract

The tender or quotation for major contracts will have to be reviewed by our project quantity surveyor and approved by our management before submission.

Price determination

When we prepare our quotation for a prospective project, we will estimate the gross profit margin in terms of monetary value and percentage. Our Directors believe that the gross profit margin of a project depends on various factors, including but not limited to the scale, complexity and specifications of the projects, our capacity, the estimated project cost (which mainly includes the direct labour cost and material costs based on the preliminary quotations from our suppliers and subcontractors), historical fee we received for similar projects, the current fee level in the market and competitive conditions at the contract negotiation stage. Our tendering team will analyse the project requirements and estimate the amount of materials, labour and time required for completing the project on time. Supporting quotations from suppliers and subcontractors will also be obtained for forming our estimation. Our quotation generally contains a price list which sets out the fee in relation to each work task to be carried out.

Mr. CK Tsang and Mr. MP Tsang are responsible for determining the final price of our major projects. However, in the event that our Group is required to perform variation works which are not included in the original project specification after the project commencement, we and our customer will perform measurement and evaluation to the variation works and make adjustment to the awarded contract sum.

BUSINESS

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there were no incidents of significant deviation which resulted in material impact to our business operations and financial position.

After tender or quotation submission, the customer may by way of interviews or enquiries clarify with our Group the particulars of the tender or quotation. Based on the tender or quotation our Group submitted, the customer may further negotiate with our Group on the commercial and technical terms.

Upon being successful with our tender or acceptance of our quotation, the customer then confirms the awards of contract to our Group in the form of letter of acceptance, purchase order, confirmed quotation or a formal contract entered into between our Group and the customer.

Project implementation

As soon as the customer formally engaged us, we will form a project team which will be responsible to formulate and submit a master programme that facilitates the overall management of the project to the customer specifying the different components of the works and the sequence and time frame proposed for carrying out the works. The implementation process includes formation of a project team, formulation of master programme, procurement of materials and equipment and implementation of works by our site workers and/or delegation of works to our subcontractors.

Formation of project team

A project team is formed for each project. In general, the project team comprises a project director, project manager, or project officer, quantity surveyor, project coordinator, safety supervisor and foremen. Our project team is responsible for formulation and submission of master programme, overall management of our project which includes arrangement of our subcontractors and sourcing of materials in accordance with the work plan and the programme as contained in the tender or other contractual document. The project team will also review the designs and provide advice to the designs as necessary. Typically, one to two weeks are spent on forming the project team.

Set out below are some general duties performed by our key personnel during the implementation stage of the projects awarded to us:

(i) Project directors

Mr. CK Tsang and Mr. MP Tsang are our project directors and mainly responsible for reviewing and providing company resources of overall planning, implementation and supervision of the projects, selection of appropriate personnel, suppliers and subcontractors for execution of the projects and provision of support and resources required to maintain safe and healthy working conditions to the projects. For further details in relation to the qualification background of Mr. CK Tsang and Mr. MP Tsang, please refer to the section headed “Directors, senior management and employees” in this prospectus.

(ii) *Project manager*

Our project manager is accountable to the project director. The project manager is responsible for appointing site staff, managing and controlling the operation of the project, assessing the qualification and experience of project staff and ensuring compliance with contractual and statutory requirement.

(iii) *Project officer*

Our project officer is mainly responsible for supervising at construction sites to ensure works are carried out in accordance with specifications and drawings, checking all machineries and plants, including power and hand tools, to ensure all machineries and plants are in good conditions, planning, directing, organising and controlling activities of a construction project, developing and implementing quality control programs, coordinating with material and supply chain management under the instruction of a project manager and project director, and regularly reporting to the project manager on the project status.

(iv) *Quantity surveyor*

Our quantity surveyor is mainly responsible for cost planning throughout the entire life cycle of the project from tendering or providing quotation to post-completion, such as keeping the project on time and within the budget and ensuring that construction costs and production are managed as efficiently as possible. The quantity surveyor is also responsible for preparing payment application and final account, preparing subcontractors' payment and executing site measurement works.

(v) *Project coordinator*

Our project coordinator is accountable to the project manager. The project coordinator is responsible for reviewing customer requirements, informing related staff about the amended service requirements, supervising workers on site, procuring materials, equipment and plant required, supervising and coordinating the works of subcontractors, inspecting fieldworks, monitoring work progress and communicating with our foremen about each project's detailed operations.

(vi) *Safety supervisor*

Our safety supervisor is mainly responsible for assisting our registered safety officers in carrying out their duties, supervising the observance of the workers of the safety standards, arranging and carrying out health and safety inspection programme and monitoring the safety performance of the supervising staff and our subcontractors.

(vii) *Foreman*

Our foremen are mainly responsible for supervising workers at the construction sites to ensure works are carried out in accordance with specifications and drawings, checking all machineries and plants, including power and hand tools to ensure all machineries and plants are in good conditions, and arranging the supply of materials. Foremen report to the project manager on the project status and issues.

Procurement of materials and equipment

We generally purchase required materials for carrying out our works from suppliers and purchase or lease equipment where necessary for our projects. Generally, our suppliers would send the materials we purchased to the work site directly. Common materials include steel, aluminium, wooden door, glass, plaster and tile. Our Group determined the quantity of materials to be stored at the site based on the work schedule, and all materials sourced will be stored at the work site for direct utilisation. Our Group does not usually keep any materials as our inventory as such materials are procured on a project-by-project basis in accordance with the project specifications. Depending on the nature of works and/or in the event that it is cost-effective for our subcontractor to directly provide such materials, our subcontractor may source the materials. The cost of such materials as provided by our subcontractors are included in our subcontracting costs. Nevertheless, our Directors are of the view that, in order to ensure the quality of the materials to be used meets our customer's expectations and conforms to contractual requirements, our Group may purchase certain materials for our subcontractors. Normally, settlement of payments are made monthly with one to 60 days credit period by cheque. We have established working relationships with our suppliers and do not foresee any material difficulties in sourcing materials in the future.

To ensure the quality of our services, we have procedures for selecting and engaging suppliers from our list of approved suppliers as detailed in the paragraph headed "Suppliers — Selection of suppliers" in this section of the prospectus.

Some of the building construction services in our projects require the use of machinery and equipment. We generally rent the required machinery and equipment from our supplier based on the specific requirement and complexity of each project. Depending on the project, our subcontractors may be required to equip themselves with the necessary machinery and equipment for carrying out their works. For details on the arrangement for machinery, please refer to the paragraph headed "Suppliers" in this section of the prospectus.

Implementation of works by direct labour and/or delegation of works to our subcontractors

In some of our projects, we delegate parts of the construction works to our subcontractors. The works we subcontract to our subcontractors are generally labour intensive or require specific skillset, such as piling, demolition, waterproofing, painting, installation of doors, windows, floor tiles and playground equipment. To ensure high quality of work, we, in general, discourage our subcontractors to further subcontract the works. With the engagement of our subcontractors, our Directors believe that we are able to diversify our risks and focus on quality assurance. Our

Directors further believe that we can better monitor the project as subcontracting reduces the need for our Group to monitor a large number of works with different skills. Moreover, we can better manage our resources as for some of our projects, specific skillset and techniques may be required and our Group, as a general builder, may not possess such skillset and techniques.

Completion of works

Inspection

In the course of implementation and execution of our projects, our project team will conduct quality check and inspection on all works completed on a regular basis to ensure that the works performed by our Group and our subcontractors comply with the requirements as set out in the relevant contract. Our customers may also conduct inspection from time to time.

During the Track Record Period, we had not experienced any (i) cost overrun and project extension or delay; and (ii) cancellation, suspension or delay in the commencement of public sector projects and therefore no financial impact arisen from the above.

Application for payment and certification

In general, we apply to our customers for payments approximately every one to 80 days according to the value of work completed. Our customers will then certify the value of work completed based on the amount of work done as agreed between the quantity surveyor from our Group and our customers, and make payments to us according to the certified value of work after one to 30 days. In general, we regard a project as practically completed (excluding the defect liability period) once our customers certified our works as completed.

Practical completion and commencement of defect liability period

We are generally subject to a defect liability period after completion of works, and we are responsible for rectifying all defective works under our scope of work at our own expense during such period. The defect liability period, normally 12 months, commences upon the date of practical completion. During the Track Record Period, our Directors confirmed that there was no material claim or complaint brought against our Group by our customers and the cost incurred for rectifying defective works was immaterial.

Return of retention money

Our customers usually has the right to withhold not more than 10% of the progress payment due to us as retention money to secure the due performance of our Group. In general, the total amount of retention money will not exceed 5% of the awarded contract sum. Retention money would usually be released after three to 12 months after defect liability period.

PRICING STRATEGY

We generally set our tender and/or quotation price on a project-by-project basis based on the estimated costs to be incurred plus a certain mark-up percentage.

We estimate the cost of undertaking a project by reference to various factors including but not limited to (i) the estimated number and types of workers required; (ii) the difficulties of the works involved; (iii) the estimated number and types of machines required; (iv) the availability of our manpower and resources; (v) the completion time requested by our customers; (vi) material costs; (vii) the need for subcontracting; (viii) the overall cost in undertaking the project; (ix) the historical prices offered to the customer; and (x) the prevailing market conditions. If the project is expected to involve the use of subcontractors, we may also obtain subcontractor's preliminary quotation for the estimation of cost. The mark-up percentage may vary from project to project due to (i) the size of the project; (ii) the likelihood of any material deviation of the actual cost from the estimated cost having regard to the types and amount of labours, machineries, consumables, materials and other resources involved in our cost estimations; and (iii) the existence of any other implicit or indirect costs or factors that may be involved in undertaking the project.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any loss-making projects.

For a sensitivity and breakeven analysis on cost of services, please refer to the section headed "Financial information — Cost of services" in this prospectus.

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OUR PROJECTS

Projects completed during the Track Record Period and up to the Latest Practicable Date

During the Track Record Period and up to the Latest Practicable Date, we had completed 40 projects, which consisted of 37 RMAA services projects and three building construction services projects. The table below sets forth details of our projects completed during the Track Record Period and up to the Latest Practicable Date.

Project code	Public or private sector	Particulars and location of project	Nature of the building	Main category of works	Project period	Awarded contract sum HK\$'000	Revenue recognised for the year ended 31 March		Revenue recognised for the four months ended 31 July 2017 HK\$'000	Total revenue recognised during the Track Record Period HK\$'000
							2016 HK\$'000	2017 HK\$'000		
During the Track Record Period										
Completed projects with awarded contract sum of more than HK\$3.0 million each:										
R1	Public	Design and build contract of minor works to Hong Kong Government and subvented properties	Government	RMAA services	February 2009 – December 2016	72,500	9,656	16,283	—	25,939
R2	Public	RMAA services of toilets in NT east	Toilets	RMAA services	September 2009 – March 2017	51,112	1,346	2,056	384	3,786
C1	Public	Construction of a new soccer field, rugby pitch and jogging trail in NT west	Sportsground	Building construction services	August 2012 – March 2017	124,979	9,620	2,132	—	11,752
R3	Private	Design, supply and installation of shop front, aluminium cladding and glass wall of a shopping mall	Commercial	RMAA services	August 2013 – June 2016	11,648	4,030	3,008	—	7,038
R4	Public	Refurbishment of ceiling and lighting of two railway stations	Transportation	RMAA services	February 2014 – November 2016	13,800	2,849	413	—	3,262
C2	Public	Design and build of temporary shelter	Transportation	Building construction services	April 2015 – June 2015	3,215	2,451	—	—	2,451
R5	Public	Establishment of high voltage testing plant and facilities of a depot	Industrial	RMAA services	May 2015 – September 2015	3,080	2,840	240	—	3,080
R6	Private	Design, supply and installation of curtain wall system and window wall system in NT west	Commercial	RMAA services	September 2015 – January 2017	18,345	9,009	16,225	—	25,234 (Note 1)
R7	Public	Refurbishment of toilets and pipe works of railway stations	Transportation	RMAA services	November 2015 – November 2016	7,980	2,782	5,114	—	7,896
R8	Private	Alteration and addition works for the development of a new hotel	Commercial	RMAA services	December 2015 – July 2017	17,979	9,503	3,913	—	13,416
R9	Public	Improvement works of train crew office	Transportation	RMAA services	May 2016 – April 2017	4,417	—	4,052	281	4,333
25 other completed projects with awarded contract sum of less than HK\$3.0 million each						12,850	3,526	9,778	2,993	16,297 (Note 1)
After the Track Record Period and up to the Latest Practicable Date										
Completed projects with awarded contract sum of more than HK\$3.0 million each:										
A1	Public	Construction of a new promenade	Park	Building construction services	February 2013 – September 2017	151,471	6,823	1,115	—	7,938
A2	Public	RMAA services for aided schools on Hong Kong Island and in Kowloon east	Educational	RMAA services	April 2013 – November 2017	92,780	18,743	7,806	—	26,549
A4	Public	Minor works for Hong Kong Government properties in NT west	Government	RMAA services	April 2014 – December 2017	205,700	100,318	85,815	16,884	203,017
A13	Public	Provision of redecoration and repair works to the sports complex of a university	Educational	RMAA services	June 2017 – October 2017	6,477	—	—	3,729	3,729
All completed projects						798,333	183,496	157,950	24,271	365,717

Note:

- The revenue recognised was larger than the awarded contract sum due to revenue recognised for the variation orders pursuant to the contract with our customer.

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Projects in progress as at the Latest Practicable Date

The following table sets forth details of our projects in progress as at the Latest Practicable Date:

Project code	Public or private sector	Particulars of project	Nature of building	Main category of works	Expected project period	Awarded contract sum	Revenue recognised for the year ended 31 March		Revenue recognised for the four months ended 31 July 2017	Total revenue recognised during the Track Record Period	Revenue expected to be recognised for the year ending 31 March (Note 2)		Revenue expected to be recognised thereafter (Note 2)
							2016	2017			2018	2019	
						HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Projects in progress as at the Latest Practicable Date with awarded contract sum of more than HK\$3.0 million:													
A3	Public	Minor and electrical works for Hong Kong Government and subvented properties in several districts of Hong Kong Island and NT west	Government	RMAA services	December 2013 – February 2018	73,480	42,144	41,674	10,240	94,058 (Note 1)	31,997	—	—
A5	Public	Design and build for Hong Kong Government and subvented properties	Government	RMAA services	April 2015 – March 2018	35,000	—	2,919	6,694	9,613	10,971	14,110	7,000
A6	Public	Refurbishment and conversion of a hospital	Government	Building construction services	June 2015 – February 2019	166,917	30,357	42,584	7,370	80,311	37,069	65,626	—
A7	Public	Maintenance and repair work for a hospital	Medical	RMAA services	October 2015 – September 2018	154,939	—	21,626	9,701	31,327	29,244	104,275	—
A8	Public	RMAA services of all aided schools at NT east	Educational	RMAA services	April 2016 – December 2019	435,520	—	108,778	17,382	126,160	120,119	144,143	62,480
A9	Public	RMAA services of all aided schools at NT west	Educational	RMAA services	April 2016 – December 2019	264,452	—	49,872	10,811	60,683	45,669	54,803	114,109
A10	Public	Superstructure and external works in relation to construction of two 6-storey columbarium blocks, demolition of staff quarters and road enhancement works	Columbarium	Building construction services	December 2016 – May 2019	285,961	—	5,121	7,447	12,568	14,466	222,807	43,567
A11	Public	Maintenance and repair work for Hong Kong Government properties on Hong Kong Island	Government	RMAA services	April 2017 – March 2021	320,000	—	—	589	589	40,975	80,000	199,025
A12	Public	Maintenance and repair work for Hong Kong Government properties at NT east and outlying islands	Government	RMAA services	April 2017 – March 2021	615,100	—	—	1,946	1,946	80,000	144,000	391,100
A14	Public	RMAA services of a school at NT east	Educational	RMAA services	December 2017 – March 2018	5,820	—	—	—	—	4,365	1,455	—
A15	Public	Wide gate installation of railway station	Transportation	RMAA services	November 2017 – November 2018	3,750	—	—	—	—	—	3,750	—
Four other project in progress with awarded contract sum of less than HK\$3.0 million each						3,148	—	—	772	772	2,912	237	—
All projects in progress as at the Latest Practicable Date						<u>2,364,087</u>	<u>72,501</u>	<u>272,574</u>	<u>72,952</u>	<u>418,027</u>	<u>417,787</u>	<u>835,206</u>	<u>817,281</u>

Note:

1. The revenue recognised for project A3 during the Track Record Period was larger than the awarded contract sum is due to revenue recognised for the variation orders pursuant to the contract with our customer.
2. The total revenue expected to be recognised for the years ending 31 March 2018 and 2019 and thereafter was based on the following principal assumptions:
 - (i) there will be no significant changes in the existing political, legal, market or economic conditions in Hong Kong, including changes in legislations, regulations, policies or rules, which may have a material adverse effect on our business or operations;

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- (ii) there will be no material changes in the bases or rates of taxation, both direct and indirect, in Hong Kong;
- (iii) there will be no material changes in inflation rate or foreign currency exchange rates in Hong Kong from those prevailing as at the date of this prospectus;
- (iv) major contracts on hand will not be cancelled, nor will the actual construction costs vary significantly from the signed contracts or the budget in any way that is more significant than historical experience;
- (v) there will be no material disputes with our customers;
- (vi) our operations and business will not be materially affected or interrupted by any force majeure events or other unforeseeable factors or any unforeseeable reasons that are beyond the control of our Directors, including natural disasters or catastrophes, epidemics or serious accidents;
- (vii) our operations and financial performance will not be materially and adversely affected by any of the risk factors as set out in the section headed “Risk Factors” in this prospectus;
- (viii) we will be able to retain our key management and personnel during the years ending 31 March 2018 and 2019 and thereafter;
- (ix) there will be no changes in the existing accounting policies from those adopted in the preparation of our financial information during the Track Record Period;
- (x) there will be no disagreement from relevant authorities in our licences and qualifications retention process;
- (xi) all projects will be completed according to the budgeted time frame;
- (xii) there will not be material deterioration in the financing standing of our customers, suppliers and sub-contractors;
- (xiii) there will not be material changes in the physical condition of our assets (in particular, our machineries);
- (xiv) there will be no occurrences such as labour shortages, labour disputes or interruptions in the supply of third-party services, equipment, fuel, other materials or supplies that would adversely affect our operations;
- (xv) we will continue to be able to recruit sufficient qualified personnel to achieve our planned expansion and will at all times have a staffing level that will be sufficient for our operational requirements;

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(xvi) the accounting policies to be adopted by us will be consistent in all material aspects with those accounting policies adopted in the Accountants' Reports in Appendix I to this prospectus and the adoption of "HKFRS 15 — Revenue from Contracts with Customers" does not have a material impact to our Group;

(xvii) there will not be material fluctuations in the financial markets and capital markets (including the increase or decrease in the interest rates for bank borrowings) generally; and

(xviii) the relevant contract owner, our customers and us will be able to continually obtain adequate financial resources and operate as a going concern in the foreseeable future.

The table below sets out the number of projects awarded during the Track Record Period and up to the Latest Practicable Date.

	<u>For the year ended 31 March</u>		<u>For the four months ended</u>	<u>After the</u>
	<u>2016</u>	<u>2017</u>	<u>31 July 2017</u>	<u>Track Record Period and up to the Latest Practicable Date</u>
Number of projects awarded with awarded contract sum of more than HK\$3.0 million	<u>7</u>	<u>4</u>	<u>4</u>	<u>1</u>
Number of projects awarded with awarded contract sum of less than HK\$3.0 million	<u>8</u>	<u>14</u>	<u>—</u>	<u>4</u>

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Backlog

As at 31 March 2016, 2017 and 31 July 2017 and the Latest Practicable Date, we had a total of 18, 18, 15 and 16 projects in our backlog (including projects that have commenced but not completed as well as projects that have been awarded to us but not yet commenced), with revenue derived or expected to be derived from such projects as follows:

	As at 31 March		As at 31 July 2017	As at 31 December 2017	As at Latest Practicable Date
	2016	2017			
Number of projects in our backlog	18	18	15	16	16

	As at 31 March		As at 31 July 2017	As at 31 December 2017	As at Latest Practicable Date
	2016	2017			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total awarded contract sum in respect of backlog projects	1,191,831	1,892,775	2,815,207	2,364,598	2,364,598

	As at 31 March		As at 31 July 2017	As at 31 December 2017
	2016	2017		
Total revenue attributable to backlog projects (including variation orders)				
— recognised on or before the date indicated		651,171	864,461	934,389
— yet to be recognised as at the date indicated		540,660	1,028,314	1,880,818
			1,731,022	

For details of the 15 projects in progress as at Latest Practicable Date, please refer to the paragraph headed “Projects in progress as at the Latest Practicable Date” in this section of the prospectus. The following table sets forth details of one project that has been awarded to us but not yet commenced as at the Latest Practicable Date:

Project code	Public or private sector	Particulars of projects	Nature of building	Main category of works	Expected project period	Awarded contract sum HK\$'000
A16	Private	Supply and installation of steel staircase & aluminium railing on Hong Kong Island	Residential	RMAA services	January 2018– May 2018	510

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Tenders submitted during the Track Record Period

During the Track Record Period, we secured new businesses mainly through invitation to tender or request for quotation by customers. The following table sets out the number of projects we submitted tender and/or quotation for and projects awarded to us during the Track Record Period:

	For the year ended 31 March				For the four months ended	
	2016		2017		31 July 2017	
	Projects Tendered for	Projects with quotation provided	Projects Tendered for	Projects with quotation provided	Projects Tendered for	Projects with quotation provided
Number of projects tendered for/with quotation provided	11	3	8	3	5	1
RMAA services	9	3	6	3	5	1
Building construction services	2	—	2	—	—	—
Number of projects awarded	4	2	3	2	1	1
RMAA services	3	2	2	2	1	1
Building construction services	1	—	1	—	—	—
Success Rate	36.4%	66.7%	37.5%	66.7%	20.0%	100.0%
RMAA services	33.3%	66.7%	33.3%	66.7%	20.0%	100.0%
Building construction services	50.0%	N/A	50.0%	N/A	N/A	N/A

After the Track Record Period and up to the Latest Practicable Date, we have submitted six tenders and provided five quotations. Out of the 11 tenders/quotations that were submitted/provided after the Track Record Period and up to the Latest Practicable Date, five additional RMAA projects with total awarded contract sum of approximately HK\$5.8 million, were awarded to us. As at Latest Practicable Date, three tenders/quotations did not succeed and the remaining three tenders/quotations are pending results.

BUSINESS

To procure projects from our customers, we monitor the term contracts, other tender notices and other relevant information published on the websites of Architectural Services Department, Education Bureau and Hospital Authority from time to time. In addition, we also received invitations to tender and requests for quotations from our customers directly.

Our historical success rates may not be reflective of our future success due to our non-discriminatory strategy in submitting tender and providing quotation. Historically, our Directors would respond to tender invitations or quotation requests by submitting tenders or providing quotations irrespective of the likelihood of being awarded as long as the projects matched our scope of services. The number of projects for which we tendered or provided quotation for decreased from 14 for the year ended 31 March 2016 to 11 for the year ended 31 March 2017. The success rate increased slightly from approximately 42.9% to approximately 45.5% from the year ended 31 March 2016 to the year ended 31 March 2017. For our risks in relation to our historical success rates, please refer to the section headed “Risk factors — Risks relating to our business” in this prospectus for further details.

After the Track Record Period and up to the Latest Practicable Date, we were awarded five additional RMAA services projects to be conducted including supply and installation of steel staircase and aluminium railing on Hong Kong Island with total awarded contract sum of approximately HK\$5.8 million.

CUSTOMERS

Major customers

For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, the percentage of our total revenue attributable to our largest customer amounted to approximately 55.6%, 54.9% and 45.8% respectively, while the percentage of our total revenue attributable to our five largest customers combined amounted to approximately 93.2%, 93.0% and 96.7% respectively.

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The followings set out the profile of our five largest customers for each of the financial years/ period during the Track Record Period:

For the year ended 31 March 2016

Customer	Revenue HK\$'000	Approximate percentage of the total revenue of our Group for the year %	Background and principal business activities of the customer	Principal place of business of the customer	Services provided by our Group	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
Pacific Extend Limited ("Pacific Extend")	142,462	55.6%	A subsidiary of SOCAM Development Limited (stock code: 983), a company listed on the Main Board of the Stock Exchange and principally engaged in property development and investment with revenue from construction contract amounted to over HK\$4,700 million for the year ended 31 December 2016.	Hong Kong	RMAA services	30 days, by cheque	4
Chun Wo	65,544	25.6%	Subsidiaries of Asia Allied Infrastructure Holdings Limited (stock code: 711), a company listed on the Main Board of the Stock Exchange and principally engaged in construction work, property development and investment and professional services; revenue of the listed parent company from construction work amounted to over HK\$8,200 million for the year ended 31 March 2017.	Hong Kong	RMAA and building construction services	30 days, by cheque	12
G&E Engineering Limited	11,968	4.7%	A private company founded in 1984, acting as a main contractor of government infrastructure projects and private construction projects.	Hong Kong	RMAA and building construction services	30 days, by cheque	9
Citylink Design and Build Limited	9,656	3.8%	A private company founded in 2008, acting as subcontractor to conduct design and build work for government minor works projects.	Hong Kong	RMAA services	30 days, by cheque	7
Sing Fat Construction Co., Ltd	9,015	3.5%	A subsidiary of Yat Sing Holdings Limited (stock code: 3708), a company listed on the Main Board of the Stock Exchange and acting as main contractor of government and private construction projects; revenue of the listed parent company amounted to over HK\$400 million for the year ended 30 June 2016.	Hong Kong	RMAA services	30 days, by cheque	4

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For the year ended 31 March 2017

Customer	Revenue HK\$'000	Approximate percentage to the revenue of our Group for the year %	Background and principal business activities of the customer	Principal place of business of the customer	Services provided by our Group	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
Pacific Extend	236,267	54.9	A subsidiary of SOCAM Development Limited (stock code: 983), a company listed on the Main Board of the Stock Exchange and principally engaged in property development and investment with revenue from construction contract amounted to over HK\$4,700 million for the year ended 31 December 2016.	Hong Kong	RMAA services	30 days, by cheque	4
Chun Wo	81,339	18.9	Subsidiaries of Asia Allied Infrastructure Holdings Limited (stock code: 711), a company listed on the Main Board of the Stock Exchange and principally engaged in construction work, property development and investment and professional services; revenue of the listed parent company from construction work amounted to over HK\$8,200 million for the year ended 31 March 2017.	Hong Kong	RMAA and building construction services	30 days, by cheque	12
HLT Construction Co., Ltd	49,872	11.6	A private company founded in 2015 and mainly focused on construction works for government projects and private sector addition and alteration works.	Hong Kong	RMAA services	30 days, by cheque	1
Citylink Design and Build Limited	16,283	3.8	A private company founded in 2008, acting as subcontractor to conduct design and build work for government minor works projects.	Hong Kong	RMAA services	30 days, by cheque	7
Sing Fat Construction Co., Ltd	16,225	3.8	A subsidiary of Yat Sing Holdings Limited (stock code: 3708), a company listed on the Main Board of the Stock Exchange and acting as main contractor of government and private construction projects; revenue of the listed parent company amounted to over HK\$400 million for the year ended 30 June 2016.	Hong Kong	RMAA services	30 days, by cheque	4

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For the four months ended 31 July 2017

Customer	Revenue HK\$'000	Approximate percentage to the revenue of our Group for the year %	Background and principal business activities of the customer	Principal place of business of the customer	Services provided by our Group	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
Pacific Extend	44,505	45.8	A subsidiary of SOCAM Development Limited (stock code: 983), a company listed on the Main Board of the Stock Exchange and principally engaged in property development and investment with revenue from construction contract amounted to over HK\$4,700 million for the year ended 31 December 2016.	Hong Kong	RMAA services	30 days, by cheque	4
Chun Wo	26,917	27.7	Subsidiaries of Asia Allied Infrastructure Holdings Limited (stock code: 711), a company listed on the Main Board of the Stock Exchange and principally engaged in construction work, property development and investment and professional services; revenue of the listed parent company from construction work amounted to over HK\$8,200 million for the year ended 31 March 2017.	Hong Kong	RMAA and building construction services	30 days, by cheque	12
HLT Construction Co., Ltd	10,811	11.1	A private company founded in 2015 and mainly focused on construction works for government projects and private sector addition and alteration works.	Hong Kong	RMAA services	30 days, by cheque	1
Customer F	7,743	8.0	A private company founded in 1958 and mainly focused on construction and RMAA works for public sector.	Hong Kong	RMAA Services	30 days, by cheque	9
Woon Lee Construction Co., Ltd	4,010	4.1	A private company founded in 1977 and mainly focused on construction works for public sector.	Hong Kong	RMAA Services	30 days by cheque	5

Our Directors confirmed that none of our Directors, their close associates or any Shareholder who or which, to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company had any interest in any of our five largest customers for each of the financial years during the Track Record Period. All the above five largest customers during the Track Record Period are Independent Third Parties.

Our Directors are of the view that the credit quality of our customers which are private companies are acceptable because (i) we have business relationship of over four years with most of our top five customers that are private companies during the Track Record Period; (ii) for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, approximately 77.1%, 100%, and 98.2% of the awarded contract sum for the projects awarded from those customers were government projects of which our customers were directly engaged by the Hong Kong Government, respectively; and (iii) we recorded good payment history with no default in payment with those customers and as at 30 November 2017, approximately 84.4% of the trade receivables as at 31 July 2017 from our top five customers that are private companies were subsequently settled.

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We believe we have been a good working party of our major customers to their projects, and a majority of them have been cooperating with us for over four years. Such long-term business relationships benefited our Group in securing our sources of revenue during the Track Record Period.

Our Directors confirm that during the Track Record Period, we did not enter into any long-term agreement with our customers and our Group did not have any material dispute or claim with any of our customers.

Customer concentration

Our top five customers accounted for approximately 93.2%, 93.0% and 96.7% of our total revenue for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively. For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, Pacific Extend, being our largest customer during Track Record Period, accounted for approximately HK\$142.5 million, HK\$236.3 million and HK\$44.5 million, representing approximately 55.6%, 54.9% and 45.8% of our total revenue, respectively and our second largest customer, Chun Wo, accounted for approximately HK\$65.5 million, HK\$81.3 million and HK\$26.9 million, representing approximately 25.6%, 18.9% and 27.7% of our total revenue, respectively. During the Track Record Period, one and six projects were awarded to us by Pacific Extend and Chun Wo respectively. The aggregate number of our on-going projects as at 31 July 2017 (including projects in progress as well as projects that have been awarded to us but not yet commenced) and projects that were awarded to us from 1 August 2017 to the Latest Practicable Date was 15 and five respectively. Out of the latter five projects, none was awarded by Chun Wo. Our Directors consider that despite such concentration of customers, our business model is still sustainable after taking into account the following:

1. According to the F&S Report, the parent companies of Pacific Extend and Chun Wo are two of the five largest players in the RMAA services market in Hong Kong. We have maintained a relationship with Pacific Extend and Chun Wo since 2013 and 2005, respectively. Chun Wo consists of entities which are subsidiaries of Asia Allied Infrastructure Holdings Limited (stock code: 711), a company listed on the Stock Exchange, the group of which is engaged in core construction business and was founded in 1968 with market capitalisation of over HK\$1 billion as at the Latest Practicable Date. Pacific Extend is a subsidiary of SOCAM Development Limited (stock code: 983), a company listed on the Stock Exchange, the group of which was established in 2004 with market capitalisation of approximately HK\$0.9 billion as at the Latest Practicable Date.
2. Due to the abovementioned relationships and our long term relationship with certain of our major customers as set out in the paragraph headed “Customers — Major customers” in this section of the prospectus, we have therefore been inclined to accommodate to the demands of our major customers for our services as far as our resources allowed. During the Track Record Period, taking into account our available capacity at the time, we prioritised our resources to cater to our major customers’ demand of our services for maintaining business relationship with them, which gave rise to the concentration

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situation. In the event that demand for our services from our major customers decreases or ceases in the future, our Directors consider that we will have spare capacity to undertake as well as are confident that we will be able to secure other projects from other customers.

3. We have demonstrated our ability to obtain sizable projects from other customers. In April 2017, a RMAA services project of awarded contract sum of approximately HK\$320.0 million was awarded to us by a first-time customer who is an established approved main contractor of public sector projects.
4. According to the F&S Report, due to scale of operation, small-to-medium sized subcontractors such as our Group prefer to undertake contracts which produce a relatively stable revenue stream and facilitate the planning of resources by subcontractors. Therefore, small-to-medium sized subcontractors generally take up only one or few contracts which generate numerous work orders and contribute a substantial portion of their revenue. Since small-to-medium sized subcontractors such as our Group only possess the capacity to undertake a limited number of sizable contracts at the same time, it is inevitable for them to serve only a few major customers during the relevant contractual periods. Therefore, our Directors consider that our Group's reliance on Pacific Extend and Chun Wo is consistent with the industry norm. Further, according to the F&S Report, high customer concentration is generally common in the subcontractor sector in public RMAA services market in Hong Kong. It is also common for subcontractors to have few customers which accounted for a significant portion of their revenue.
5. We are planning to expand our capacity to undertake more projects for different customers to expand our customer portfolio. We intend to use approximately HK\$21.2 million from the net proceeds from the Share Offer for the recruitment and retention of additional staff; approximately HK\$16.0 million from the net proceeds from the Share Offer for acquiring surety bonds for new projects; approximately HK\$2.9 million from the net proceeds from the Share Offer for enhancing machinery and motor vehicles to capture these new business opportunities and approximately HK\$4.0 million from the net proceeds from the Share Offer for general working capital. Please refer to the section headed "Future plans and use of proceeds" in this prospectus for further details. We intend to tender for more projects with new customers with these resources and our customer base is expected to expand.

6. According to the F&S Report, the revenue of construction works in Hong Kong experienced a growth at a CAGR of approximately 12.6% from 2012 to 2016, and is expected to continue to grow from 2016 to 2021. Our Directors believe that we would be able to maintain a stable revenue growth in view of the following growth drivers, details of which are set out in the section headed “Industry overview — Drivers of the construction market in Hong Kong” in this prospectus:

(i) *Strong demand for housing*

The total population of Hong Kong residents is climbing at a stable pace and Hong Kong has introduced several plans to attract talents since 2015.

(ii) *Increasing expenditure on infrastructure and housing*

The increasing expenditure on infrastructure and housing would drive the property development market.

(iii) *Increasing land supply*

The Hong Kong Government increased the land supply for residential use from 170,000 sq.m. in 2011 to 390,000 sq.m. in 2016. It is expected that the government will maintain a stable supply of land to alleviate the housing shortage, driving the construction market in the long term.

On the basis of the above, our Directors believe that there are plenty of market opportunities in the construction services industry available for our Group to further develop our customer base in the long run.

Contra charge arrangement with our customers

As confirmed by our Directors, it is common in the industry for a main contractor to deduct from its payment to the subcontractors various expenses incurred by the main contractor on behalf of its subcontractors when settling its service fees for the project. Such payment arrangement is referred to as “contra charge arrangement” and the amounts involved are referred to as “contra charge”.

During the Track Record Period, we had contra charge arrangement with some of our customers. Such contra charge included purchase cost of materials and other miscellaneous expenses.

For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, 20, 12 and 12, of our projects were under contra charge arrangement, respectively. Our purchase cost of materials for the relevant projects and other miscellaneous expenses settled by way of contra charge to the account with the relevant customer. Effectively, the payments due to us from our customers would be settled after netting off the contra charge amounts.

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For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, our contra charge amounted to approximately HK\$3.9 million, HK\$20.3 million and HK\$6.2 million respectively, representing approximately 1.6%, 5.1% and 6.9% of our total cost of services for the same period respectively. During the Track Record Period, as confirmed by our Directors, we had no material dispute with our customers as regards the contra charge arrangement and the contra charge amounts involved. In addition, as we settled the contra charge by netting off with the payments due from our customers, both cash inflows from the project work done and cash outflows from the purchase of materials or the payment on miscellaneous expenses were reduced by the same amount. Therefore, the contra charge arrangement also had no material impact on our cashflow positions during the Track Record Period.

The following table sets forth the information on our customers from whom we had contra charge arrangement during the Track Record Period:

	<u>For the year ended 31 March</u>				<u>For the four months ended</u>	
	<u>2016</u>		<u>2017</u>		<u>31 July 2017</u>	
	<u>HK\$'000</u>	<u>%</u>	<u>HK\$'000</u>	<u>%</u>	<u>HK\$'000</u>	<u>%</u>
Pacific Extend	822	20.9	3,938	19.4	1,322	21.3
Chun Wo	2,935	74.5	16,031	79.2	4,768	76.9
Others	<u>184</u>	<u>4.6</u>	<u>282</u>	<u>1.4</u>	<u>110</u>	<u>1.8</u>
	<u><u>3,941</u></u>	<u><u>100.0</u></u>	<u><u>20,251</u></u>	<u><u>100.0</u></u>	<u><u>6,200</u></u>	<u><u>100.0</u></u>

Principal terms of engagement with our customers

Our customers generally have a standard form of contract containing common terms and conditions under which our Group would provide its services on a project-by-project basis and variation may be made in accordance with our customers' requests. Set out below are the major terms and conditions.

(i) *Scope of work*

The scope of services and type of works to be carried out by our Group are specified in the contract.

(ii) *Contract period*

Based on the completion timeline as set out in each contract, the contract period may be extended by our customers from time to time pursuant to the terms of the contract.

(iii) *Contract sum and settlement term*

The initial sum for carrying out the scope of work, calculated with reference to the rates and prices in the schedule of rates in the contract taking into account the quantities and unit prices of materials and the amount and cost of labour to be used. We are required to submit interim payment applications to our customers, usually on a monthly basis. The credit term is generally 30 days from the date of invoice issued to our customers.

(iv) *Variation orders*

Our customers may from time to time during the contract period order us to make variations to our works. We charge our customers for variation works separately from the awarded contract sum for the relevant project. The variations are usually valued by (i) referencing to the rates and prices in the schedule of rates in the contract; or (ii) a separate quotation to be agreed upon.

(v) *Insurance*

Our customers are responsible for all-risk, third party and employees' compensation insurance at the construction site against damages, claims and compensation in respect of the persons who are employed (including those employed by subcontractors) to work at the construction site. Our Group is responsible for risks not covered by our customers and against our tools, machinery and vehicles.

(vi) *Retention monies and defect liability period*

The contract generally provides for a sum to be held up by our customers to secure the due performance of our Group. Generally, the amount of money to be held up is up to 10% of the value of works certified in each progress payment. Defect liability period is usually 12 months after the completion of the project.

(vii) *Personal guarantee/Surety bond*

Some of our customers require personal guarantee or surety bond ranging from 10% to 25% of the awarded contract sum.

(viii) *Liquidated damages*

Subject to the terms of the extension of the contract period, if applicable, we may be required to compensate our customers for delays in the completion of our works. Compensation, if any, is calculated on a case-by-case basis.

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(ix) *Management fee*

Our customers provide overall project management and administrative services for some of our projects and charge approximately 5% to 42% of the awarded contract sum. According to the F&S Report, it is not uncommon in the Hong Kong construction industry for main contractors to charge its subcontractors certain management fee like that charged by our customers.

(x) *Advances from customers*

During the Track Record Period, advances may be granted by our customers with interest rates ranging from 7.25% to 8% per annum. Advances received from customers mainly represent advances from customers for purchases of materials for contract works. According to F&S Report, main contractors sometimes may pay advances to subcontractors to alleviate the financial burden of the subcontractors and facilitate smooth initiation of the project.

(xi) *Termination of the contract*

If our customers' main contractors' engagement is being terminated before our Group has fully performed our obligations under contracts with our customers, our customers may at any time thereafter by written notice to us forthwith terminate our engagement as subcontractor and we shall be entitled to be paid the full value of all work properly executed under the contract.

If our Group fails to execute the work under the contract, without prejudice to any other rights to remedies, our customers may by written notice forthwith terminate our contract and our Group may be required to indemnify our customers for any loss arising from the termination.

SUPPLIERS

Suppliers of goods and services, which are specific to our business and are required on a project-by-project basis to enable us to continue to carry on our business, mainly include (i) suppliers of materials required for performing construction service works such as steel, aluminium, wooden door and glass; and (ii) suppliers of other miscellaneous services such as the transportation of construction waste, the rental of machineries, testing and surveying of the quality of materials.

We generally place orders with our suppliers on a project-by-project basis and we do not enter into any long-term contract with our suppliers. The terms of our supply contracts mainly include the type of materials or services, price, quantity and payment terms. We select suppliers mainly based on: (i) quality of materials; (ii) timeliness of delivery; (iii) previous experience with the supplier; and (iv) reputation of the supplier. We are provided by our customers with the standard requirements of the materials and we are liable for the quality of our projects. We are able to choose our own suppliers for our projects.

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Major suppliers

The followings set out the profile of our five largest suppliers for each of the financial years/period during the Track Record Period:

For the year ended 31 March 2016

<u>Supplier</u>	<u>Purchases by us from our supplier</u>	<u>Approximate percentage to the total cost of services</u>	<u>Principal business activities</u>	<u>Principal place of business</u>	<u>Type of goods or services purchased by us from the supplier</u>	<u>Credit terms and payment method</u>	<u>Approximate year(s) of business relationship as at the Latest Practicable Date</u>
	<u>HK\$'000</u>	<u>%</u>					
Supplier A	5,754	2.4	Trading of steel, aluminium and natural granite	Hong Kong	Steel, aluminium and natural granite	30 days, by cheque	9
Supplier B	3,322	1.4	Trading and manufacturing of metals and air-conditioning equipment	The PRC	Steel	30 days, by cheque	5
Supplier C	3,199	1.3	Trading of stainless steel	The PRC	Stainless steel	30 days, by cheque	2
Supplier D	3,041	1.3	Trading and manufacturing of windows, doors and glazing	The PRC	Aluminium	30 days, by cheque	2
Supplier E	1,983	0.8	Trading and processing of steel	Hong Kong	Steel	60 days, by cheque	12

For the year ended 31 March 2017

<u>Supplier</u>	<u>Purchases by us from our supplier</u>	<u>Approximate percentage to the total cost of services</u>	<u>Principal business activities</u>	<u>Principal place of business</u>	<u>Type of goods or services purchased by us from the supplier</u>	<u>Credit terms and payment method</u>	<u>Approximate year(s) of business relationship as at the Latest Practicable Date</u>
	<u>HK\$'000</u>	<u>%</u>					
Supplier E	2,637	0.7	Processing and trading of steel	Hong Kong	Steel	60 days, by cheque	12
Supplier F	2,514	0.6	Design, installation and trading of steel works and metals	The PRC	Steel	30 days, by bank transfer	5
Supplier G	2,352	0.6	Trading of metals and materials	Hong Kong	Materials	30 days, by cheque	12
Supplier H	2,305	0.6	Trading of wooden doors	Hong Kong	Wooden doors	30 days, by cheque	10
Supplier I	2,017	0.5	Trading of glass	Hong Kong	Glass	30 days, by cheque	10

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For the four months ended 31 July 2017

<u>Supplier</u>	<u>Purchases by us from our supplier</u> HK\$'000	<u>Approximate percentage to the total cost of services</u> %	<u>Principal business activities</u>	<u>Principal place of business</u>	<u>Type of goods or services purchased by us from the supplier</u>	<u>Credit terms and payment method</u>	<u>Approximate year(s) of business relationship as at the Latest Practicable Date</u>
Supplier H	889	1.0	Trading of wooden doors	Hong Kong	Wooden doors	30 days, by cheque	10
Supplier G	848	0.9	Trading of metals and materials	Hong Kong	Materials	30 days, by cheque	12
Supplier J	775	0.9	Trading of sanitary wares	Hong Kong	Sanitary wares	30 days, by cheque	3
Supplier K	546	0.6	Trading of carpet	Hong Kong	Carpets	30 days, by cheque	1
Supplier E	453	0.5	Processing and trading of steel	Hong Kong	Steel	60 days, by cheque	12

For further details regarding the cost of services, please refer to the section headed “Financial information — Cost of services” in this prospectus.

During the Track Record Period, we did not experience any material fluctuation on prices of materials and services or any material shortage or delay in the supply of goods and services that we required. Our Directors consider that we are generally able to pass on substantial increase in purchase costs to our customers as we generally take into account our overall costs of undertaking a project when determining our pricing.

Selection of suppliers

Our Group maintains a pre-approved list of suppliers from which we select our suppliers. During the Track Record Period, none of the suppliers were removed from our pre-approved list of suppliers due to the poor quality of materials supplied to us or works performed for us. The credit terms is generally 30 to 60 days.

We have not entered into any long-term agreements or committed to any minimum purchase amount with our suppliers as we normally purchase materials on a project-by-project basis.

Our Directors confirm that during Track Record Period, our Group did not have any material dispute or claim with any of our subcontractors.

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SUBCONTRACTORS

We generally engaged our subcontractors on a project-by-project basis and we do not enter into any long-term contract with our subcontractors. The works we subcontract to our subcontractors are generally labour intensive or require specific skillset, such as piling, demolition, waterproofing, painting, installation of doors, windows, floor tiles and playground equipment.

For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, the percentage of the total cost of services attributable to our largest subcontractor amounted to approximately 6.1%, 9.8% and 8.4% respectively, while the percentage of the total cost of services attributable to the five largest subcontractors combined amounted to approximately 14.9%, 24.5% and 29.2%, respectively. Accordingly, our Directors confirmed that during the Track Record Period, our Group was not dependent on any single subcontractor.

The following set out the profile of our five largest subcontractors for each of the reporting period during the Track Record Period:

For the year ended 31 March 2016

<u>Subcontractor</u>	<u>Subcontracting fees charged</u> HK\$'000	<u>Approximate percentage to our total cost of services</u> (%)	<u>Principal business activities</u>	<u>Principal place of business</u>	<u>Type of goods or services purchased by us from our subcontractor</u>	<u>Credit terms and payment method</u>	<u>Approximate year(s) of business relationship as at the Latest Practicable Date</u>
Subcontractor A	14,546	6.1%	Painting	Hong Kong	Painting	30 days, by cheque	10
Subcontractor B	6,258	2.6%	Steel works	Hong Kong	Steel works	30 days, by cheque	9
Subcontractor C	5,302	2.2%	Painting	Hong Kong	Painting	30 days, by cheque	4
Subcontractor D	5,069	2.1%	Plaster works	Hong Kong	Plaster works	30 days, by cheque	4
Subcontractor E	4,520	1.9%	Electrical works	Hong Kong	Electrical works	30 days, by cheque	8

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For the year ended 31 March 2017

<u>Subcontractor</u>	<u>Subcontracting fees charged</u> HK\$'000	<u>Approximate percentage to our total cost of services</u> (%)	<u>Principal business activities</u>	<u>Principal place of business</u>	<u>Type of goods or services purchased by us from the subcontractors</u>	<u>Credit terms and payment method</u>	<u>Approximate year(s) of business relationship as at the Latest Practicable Date</u>
Subcontractor F	39,155	9.8%	Construction services	Hong Kong	Building work	30 days, by cheque	1
Subcontractor G	18,296	4.6%	Construction services	Hong Kong	Building work	30 days, by cheque	1
Subcontractor H	14,833	3.7%	Construction services	Hong Kong	Building work	30 days, by cheque	1
Subcontractor E	13,172	3.3%	Electrical works	Hong Kong	Electrical works	30 days, by cheque	8
Subcontractor A	12,231	3.1%	Painting	Hong Kong	Painting	30 days, by cheque	10

For the four months ended 31 July 2017

<u>Subcontractor</u>	<u>Subcontracting fees charged</u> HK\$'000	<u>Approximate percentage to our total cost of services</u> (%)	<u>Principal business activities</u>	<u>Principal place of business</u>	<u>Type of goods or services purchased by us from the subcontractors</u>	<u>Credit terms and payment method</u>	<u>Approximate year(s) of business relationship as at the Latest Practicable Date</u>
Subcontractor E	7,501	8.4	Electrical works	Hong Kong	Electrical works	30 days, by cheque	8
Subcontractor F	6,510	7.3	Construction services	Hong Kong	Building work	30 days, by cheque	1
Subcontractor C	6,371	7.1	Painting	Hong Kong	Painting	30 days, by cheque	4
Subcontractor I	3,061	3.4	Construction services	Hong Kong	Building work	30 days, by cheque	1
Subcontractor J	2,684	3.0	Construction services	Hong Kong	Building work	30 days, by cheque	1

Our Directors confirm that during the Track Record Period, our Group did not have any material dispute or claim with any of our subcontractors.

During the Track Record Period, we did not experience any material fluctuation on prices of subcontracting costs or any material shortage in the availability of subcontractors that we required. Our Directors consider that we are generally able to pass on substantial increase in subcontracting costs to our customers as we generally take into account our overall costs of undertaking a project when determining our pricing.

Our Directors confirmed that none of our Directors, their close associates or any Shareholder who or which, to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company as at the Latest Practicable Date had any interest in any of our five largest suppliers and subcontractors for each of the financial years during the Track Record Period. All our five largest suppliers and subcontractors during the Track Record Period are Independent Third Parties.

Principal terms of engagement of our subcontractors

Our Group generally enters into subcontracting agreements with our subcontractors on a project-by-project basis. Our contracts with our subcontractors generally require our subcontractors to observe the requirements and provisions of the relevant parts of the contracts with our customers and/or quotation. Our Directors are of the view that such arrangements with our subcontractors are in line with the industry practice and can minimise our liability. The key terms of which are set out below:

(i) *Scope of work*

The scope of work our Group subcontracts out can be classified into (i) labour only; and (ii) labour and materials. For agreements specifying labour only, the subcontractors are only required to provide the requisite labour and our Group will provide other materials needed to subcontractors to enable them to carry out the works delegated.

(ii) *Project duration*

The project period with the month of commencement and completion of the project is stated under the contract. Under normal and controllable situation, our subcontractors are required to complete the project within the given period on the contract. To make sure the project is completed within the contract period, our subcontractors are required to report regularly to our foreman or project officer about the progress of the construction site.

(iii) *Subcontracting fee and settlement term*

Our subcontractors quote the subcontracting fee to our Group on a contract by contract basis. For the case where our subcontractors are required to equip themselves with the necessary materials and machinery, such costs are generally included in the awarded contract sum.

Our subcontractors submit payment applications from time to time upon which a quantity surveyor will certify the works completed by our subcontractors and payment, after deducting any management fee and contra charge to be retained by our Group, will be made.

(iv) *Rights and obligation of our subcontractor*

Our subcontractors are generally required to comply with relevant terms and conditions in our work orders and perform their works in accordance with the relevant specifications in our work orders.

(v) *Defect liability/maintenance period*

Our Group generally requires a defect liability period of 12 months, which is in line with the contract with our customers, during which our subcontractors are responsible to rectify all works defects identified by us or our customers.

If our customers identify work defects, they will require us to rectify the defects and we will seek rectification from our subcontractors accordingly.

(vi) *Prepayments to subcontractors*

We made prepayments to some of our subcontractors for contract works.

(vii) *Renewal/termination of the contract*

Our Group has the rights to terminate the subcontractor contract with our subcontractors under the situation that our subcontractors (i) cannot complete the subcontractor contract within the given period stated on the contract; or (ii) commit a serious breach of the regulations stated on the subcontractor contract with our subcontractors and still cannot make any improvement after verbal or written warnings from our Group.

Reasons for subcontracting arrangement

Subcontracting of works is a usual practice in the Hong Kong construction industry. As the entire process of construction project involves different kinds of works, we may subcontract some of our works as: (i) it may not be cost effective for us to directly undertake each of the works involved; (ii) there are some parts of the project that require specific licence and expertise such as electrical engineering and foundation work; and (iii) we may not have full capacity to undertake certain portions of a project. In addition, subcontractors can provide additional labours with different skills without the need for us to keep them under our employment.

In such subcontracting arrangements, we may provide materials to our subcontractors or require our subcontractors to bear the cost of materials, depending on our agreements with our subcontractors on a case-by-case basis, and we will take a supervisory role to monitor the works performed by our subcontractors at the construction site.

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Basis of selecting subcontractors

We maintain a list of approved subcontractors who have been assessed and approved by us, from which we select our subcontractors. Our assessment may include (i) evaluating of subcontractors' recent performance; (ii) reviewing third-party assessments or certification held by our subcontractor; (iii) assessing whether our subcontractor has sufficient resources and skills to fulfil the specific requirements; (iv) reviewing their requisite licences and registrations; and (v) reviewing the quotation and/or subcontracting fee provided. Our subcontractors are neither our employees nor agents and we are not a party to the employment arrangement between our subcontractors and their employees.

We will from time to time review and update our internal list of approved subcontractors according to their performance assessment. During project implementation, our project managers will meet with the engaged subcontractors and closely monitor their work progress and performance. The contracts entered into between our Group and our subcontractors provide that our subcontractors are required to observe all the requirements and provisions of our tender document.

MATERIALS

Materials are sourced by our customers under contra charge arrangement or by our Group and/or our subcontractors depending on the nature and requirements of the project. Materials mainly include steel, aluminium, wooden door, glass, plaster and tile. Our Group determines the storage of sufficient quantity of materials at the site based on the work schedule, and all materials sourced are stored at the work site for direct utilisation. During the Track Record Period, our Group did not keep any inventory.

SALES AND MARKETING

During the Track Record Period, our business opportunities arose mainly from tender invitations or quotation requests from various main contractors. We do not rely on marketing and promotional activities to secure new projects.

We currently do not maintain a sales and marketing team. We have established relationships with our existing customers. Mr. CK Tsang and Mr. MP Tsang, our executive Directors and certain members of our senior management, are generally responsible for maintaining our relationships with our customers and keeping abreast of market developments and potential business opportunities.

We have registered with the Subcontractor Registration Scheme, a scheme under which our name is posted on a website which is readily assessable by the public and thus enhance our visibility.

Our Directors believe that our past performance will continue to support our reputation in the industry.

Seasonality

Our Directors believe that in general the construction industry in Hong Kong does not exhibit any significant seasonality. Nevertheless, the demand for RMAA services for schools in the summer is higher since students are out from school for summer holidays.

QUALITY CONTROL**Quality control on projects**

We are liable for the works carried out by our Group and our subcontractors. We ensure that each project is completed in accordance with the specifications set out for the project.

Our project officer is responsible for supervising the overall daily activities including those executed by our subcontractor in accordance with the construction programme. In addition, our project manager will monitor the activities and project status and note for any issues arising from the execution of the project. Our project manager will timely inform our project directors on the project status and matters of concerns. For details of the qualifications and experiences of our project manager and project directors, please refer to the section “Directors, senior management and employees” in this prospectus.

For our quality control measure over our suppliers and our subcontractors, please refer to the paragraphs headed “Suppliers — Basis of selecting subcontractors” in this section of the prospectus for further details.

Mr. CK Tsang and Mr. MP Tsang, are our project directors as well as responsible for our Group’s quality assurance on projects. For details of their biographical information, please refer to the section headed “Directors, senior management and employees” in this prospectus.

During the Track Record Period and up to the Latest Practicable Date, there are no disputes between our Group and our customers in respect of the quality of work performed by us or our subcontractors.

OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety measures

We place emphasis on occupational health and work safety in providing RMAA and building construction services. We have adopted an occupational health and safety system as required by relevant occupational health and safety laws, rules and regulations. Due to the inherent nature of works in construction sites which very often involves working at height and usage of mechanical equipment and machinery, construction workers are constantly subjected to risks of accidents or injuries:

- All members of our direct labour and our subcontractors' labour are required to wear required safety equipment, including safety helmet, which must also meet the safety standard, for entering construction site;
- The performance of all equipment, devices and tools must be checked for safety before use;
- All subcontractors must report safety incidents to us;
- Our staff and our subcontractors' workers entering project sites are required to observe the occupational health and safety measures and our policy. Subcontractors must ensure their workers work safely and care for others;
- We reserve the right to expel worker who violates our safety policy from construction site; and
- All workers are required to attend site safety briefing sessions and trainings before they commence work on-site. Topics of safety training typically cover safety procedures for performing different types of work.

As at the Latest Practicable Date, we had two safety supervisors who were responsible for regularly visiting and inspecting the performance of our works.

We have put in place an internal policy setting out the procedures for recording, handling and reporting all work-related accidents and injuries to the Commissioner of Labour. The key procedures are as follows:

- Upon occurrence of a work-related accident, it shall be reported to our on-site foreman and/or project manager. Details of the injury, including the date, time, location, causes, identity of the injured person, shall be gathered by our on-site foreman and/or project manager and shall be properly recorded by our administrative staff.

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- We shall submit notification of the accident to the Commissioner of Labour by filling in the prescribed form in accordance with Employees' Compensation Ordinance within 14 days after we become aware of the accident and the injury, or, in case of a fatal accident, within seven days.
- All correspondences with the Labour Department shall be provided to the relevant customer and/or the relevant insurer.

During the Track Record Period and up to the Latest Practicable Date, our Group did not record any work-related accidents or injuries.

ENVIRONMENTAL MATTERS

Our Group's operations are also subject to certain environmental requirements pursuant to laws in Hong Kong, including primarily those in relation to air pollution control, noise control and waste disposal. For details of the regulatory requirements in relation to environmental protection, please refer to the section headed "Regulatory overview" of this prospectus.

Our Group has adopted measures and work procedures governing environment protection compliance that are required to be followed by our workers. Such measures and procedures concerning mainly air pollution and noise control include, amongst other things: (i) dust suppression by use of water; (ii) use of low-dust techniques and equipment as required by our customers; and (iii) inspection and maintenance of all equipment before use for compliance of permitted noise level.

During the Track Record Period, our Group generally used machineries that were environmentally friendly.

During the Track Record Period, the aggregate annual cost of compliance with applicable environmental laws and regulations in Hong Kong (including mainly construction waste disposal and air pollution and noise control cost) was approximately HK\$2.2 million, HK\$4.7 million and HK\$2.4 million respectively.

As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, there was no material breach of or non-compliance with the applicable laws and regulations related to environmental protection.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, our Group owned one domain name in Hong Kong. Details of our Group's intellectual property rights are set out in the paragraph headed "B. Further information about the business — 2. Intellectual property rights" in Appendix IV to this prospectus.

BUSINESS

INSURANCE

Pursuant to section 40 of the Employees' Compensation Ordinance (Chapter 282, Law of Hong Kong), all employers (including contractors and subcontractors, full-time and part-time employees) are required to take out insurance policies to cover their liabilities under the Employees' Compensation Ordinance and at common law for their injuries at work).

Save as disclosed under paragraph headed "Non-compliance" below, our Directors confirmed that our RMAA and building construction services were covered and protected by the employees' compensation insurance and contractor's all risks insurance taken out by the main contractor for the entire construction project. Such insurance policies covered and protected all employees of main contractors and subcontractors of all tiers working in the relevant construction site, and works performed by them in the relevant construction site.

We maintain insurance policies to protect our offices against a range of contingencies, including, among others, loss and theft of, and damage to, our property, machinery and equipment and motor vehicle. We also maintain personal and work-related injury insurance for our Directors and employees at our offices.

Our Directors believe that our current insurance policies provide sufficient coverage of the risks to which we may be exposed to and are in line with the industry norm. For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, our insurance expenses were approximately HK\$3.0 million, HK\$5.6 million and HK\$809,000, respectively. During the Track Record Period and up to the Latest Practicable Date, we had not made and did not make or had not been the subject of any material insurance claim.

EMPLOYEES

As at the Latest Practicable Date, we had 140 employees who were directly employed by our Group in Hong Kong. A breakdown of our employees by function is set forth below:

	<u>As at 31 March</u>		<u>As at 31 July</u>	<u>As at the Latest Practicable Date</u>
	<u>2016</u>	<u>2017</u>	<u>2017</u>	
Management	7	12	14	15
Administration and finance	6	7	12	14
Technical staff	20	22	35	37
Site workers	<u>97</u>	<u>61</u>	<u>75</u>	<u>74</u>
Total	<u>130</u>	<u>102</u>	<u>136</u>	<u>140</u>

BUSINESS

Relationship with staff

Our Directors consider that we have maintained good relationship with our employees in general. We had not experienced any significant problems with our employees or any disruption to our operations due to labour disputes nor had we experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel during the Track Record Period.

Recruitment policies

We generally recruit our employees from the open market through placing recruitment advertisement and referral.

We endeavour to attract and retain appropriate and suitable personnel to serve our Group. Our Group assesses the available human resources on a continuous basis and will determine whether additional personnel are required to cope with the business development of our Group.

Training and remuneration policy

We entered into separate labour contracts with each of our employees in accordance with the applicable labour laws of Hong Kong. The remuneration offered to employees generally includes salaries and bonuses. In general, we determine salaries of our employees based on each employee's qualification, position and seniority. We provide various types of trainings to our employees and sponsor our employees to attend training courses. For details, please refer to the paragraph "Occupational health and safety" in this section of the prospectus.

PROPERTIES

As at the Latest Practicable Date, we did not own any property and we leased the following property for our operations:

<u>Address</u>	<u>Landlord</u>	<u>Use of the property</u>	<u>Key terms of the tenancy agreement</u>
Room 1323A, Level 13 Landmark North 39 Lung Sum Avenue Sheung Shui the New Territories Hong Kong	SHK Sheung Shui Landmark Investment Limited	Office	Two years from 10 April 2017 to 9 April 2019

BUSINESS

MAJOR QUALIFICATIONS, LICENCES, CERTIFICATIONS AND COMPLIANCE

To ensure that our Group is able to obtain and maintain all necessary licences, qualifications and certifications for our operation in Hong Kong promptly, we maintain records which set out their relevant information including their respective expiry dates. Our administration department is responsible for making submissions to the relevant authorities before the expiry of the licences, qualifications and certifications and checking all applicable requirements are complied with to ensure that we maintain valid licences, qualifications, and certifications for the services we render to our customers.

As confirmed by our Directors, save as disclosed under paragraph headed “Non-compliance” below, our Group has complied with all applicable laws, rules and regulations in all material aspects in Hong Kong and maintained all the necessary licences, qualifications and certifications which are required to carry on our Group’s activities in Hong Kong as at the Latest Practicable Date. Our Directors confirm that we have not experienced any refusal of renewal or revocation of the licences, qualifications and certifications necessary for our operations during Track Record Period and up to the Latest Practicable Date.

As at the Latest Practicable Date, we had obtained the following licences and qualifications in relation to our business in Hong Kong:

<u>Relevant Hong Kong Government departments or public organisation</u>	<u>Category</u>	<u>Granted to</u>	<u>Date/month of First Grant/Registration</u>	<u>Expiry date for existing licence</u>	<u>Remarks or other restrictions</u>
Construction Industry Council	Registered Subcontractor	Double Gain	6 July 2010	5 July 2018	N/A
Buildings Department	Registered Minor Works Contractors (Classes II and III) <i>(Note)</i>	Double Gain	18 December 2012	18 December 2018	N/A
Buildings Department	Registered General Building Contractors	Double Gain	20 October 2016	23 September 2019	N/A
Electrical and Mechanical Services	Registered Electrical Contractor	Double Gain	10 July 2017	9 July 2020	N/A

Note: Class II comprises those of comparatively lower complexity and risk to safety while Class III mainly includes common household minor works. Double Gain is registered under Classes II and III for carrying out different types of minor works, including Type A (Alteration & Addition Works), Type B (Repair Works), Type C (Works relating to Signboards), Type D (Drainage Works), Type E (Works relating to Structure and Amenities), Type F (Finishes works) and Type G (Demolition Works). Please refer to the section headed “Regulatory overview” in this prospectus for further details.

BUSINESS

AWARDS AND RECOGNITIONS

The following table summarises the awards and recognitions obtained by us in recent years:

<u>Year of grant</u>	<u>Award or recognition</u>	<u>Granted by</u>	<u>Description</u>
2016	Bronze Award Recognizing Excellence in Safety for Safe Subcontractor Award 2016	The Lighthouse Club The Construction Charity	In recognition of the excellent safety management during the execution of works

COMPETITION

During the Track Record Period, over 90% of our Group's revenue was derived from public sector projects. Having considered that public sector projects are initiated by the Hong Kong Government, our Directors are of the view that demand for the construction services provided by our Group is generally in line with the stable and consistent demand from the Hong Kong Government for construction services for public properties and facilities. According to the F&S Report, the revenue of overall RMAA services and building construction services in the public sector is expected to increase with a CAGR of approximately 1.7% and 6.3% respectively, as a result of, among others, stable budgets from the Hong Kong Government for expenditure on construction works. The size of the Hong Kong construction market increased from approximately HK\$253.3 billion in 2012 to approximately HK\$407.5 billion in 2016, representing a CAGR of 12.6%. In 2016, the RMAA services market accounted for the 17.4% of the total construction market size. The construction market size is expected to increase to HK\$541.9 billion in 2021, representing a CAGR of 5.9% from 2016 to 2021.

For further information regarding the competitive landscape of the industry in which our Group operates, please refer to the section headed "Industry overview" in this prospectus.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

During the Track Record Period, we assessed and managed the risks arising from our operations based on the experience of our Group's management and our professional and technical staff. Key risks relating to our business are set out in the section headed "Risk factors" in this prospectus. In order to improve our internal control and risk management system in the future, we have established the following on-going process for identifying, evaluating and managing the significant risks faced by our Group. The key procedures that we have established and implemented are summarised as follows:

- (i) risks will be identified by our management team and reviewed by our Board;
- (ii) action plan will be considered, so long as the risk is required to be addressed and mitigated;
- (iii) our Board will monitor regulatory compliance by our Group. Further risk may be identified through communications between the heads of different departments and from public information; and
- (iv) we have appointed Innovax Capital Limited as its compliance adviser (with effect from the Listing Date) to give advice to our Board on regulatory compliance with the GEM Listing Rules and the SFO.

NON-COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, save as the non-compliances set out below, we had complied with the applicable laws and regulations in Hong Kong in all material respects:

Particulars of the non-compliance	Reason for the non-compliance	Maximum potential liabilities (where applicable) and legal consequences	Rectification actions taken and status	Measures adopted by our Group to prevent reoccurrence of the non-compliance and ensure continuing compliance
<p>During the Track Record Period, a total of 31 ex-employees/employees were underpaid in their MPF contribution.</p> <p>In addition, our Group failed to file and submit to the MPF trustee the year-end bonus payment for 23 employees in 2017.</p>	<p>The non-compliance was due to the misunderstanding of the relevant contribution requirements by the human resources and administrative staff of our Group who was responsible for handling MPF matters at the relevant time. Despite the non-daily rated employees were enrolled in the Industry Scheme, the method of calculating MPF contribution for those employees are the same as that under the Master Trust Scheme (i.e. both employers and employees are required to contribute 5% of the employees' relevant income, totalling 10%). However, the human resources and administrative staff has calculated the MPF contribution amounts for the non-daily rated employees based on the daily wage scheme and was also not aware that information regarding the year-ended bonus payments are also required to be filed and submitted for the purposes of calculating the amount for MPF contribution.</p>	<p>Under section 7A of the Mandatory Provident Fund Schemes Ordinance ("MPFSO"), every employer must ensure that contributions are made to the relevant registered scheme within the period and in the manner prescribed by the regulations under the MPFSO. Under section 43B of MPFSO, the maximum penalty is a fine up to HK\$100,000 and imprisonment for six months for the first conviction and a fine up to HK\$200,000 and imprisonment for one year for any subsequent conviction.</p>	<p>We have made payments for the underpaid MPF contributions to the MPF trustee in aggregate sum of approximately HK\$59,125.15 for the employees and ex-employees.</p>	<p>Our human resources and administrative staff would be re-trained to be familiar with relevant MPF requirements. A manual in relation to the calculation of MPF and the administration under MPFSO has been maintained since July 2017 and our human resources and administrative staff is responsible for monitoring any regulatory changes in the MPFSO.</p>
<p>Our Directors had no direct or wilful involvement in the breach.</p>	<p>As advised by our Legal Counsel, the likely sentence for underpayment of MPF contribution will be in the total sum of HK\$360,000. Given that the omission was not wilful and the mistake has been rectified, and the aggravating features are lacking, the chance for prosecution and hence the imposition of fine is remote. Further, as the failure to submit to the MPF trustee the year-ended bonus payment concerned the same employees as those who were underpaid the MPF contribution, our Legal Counsel considered there will be no separate prosecution. In view of the legal principles laid down in the case laws, our Legal Counsel is of the view that the delegation of powers to the human resources and administrative staff with relevant knowledge to handle the MPF matters and consult the MPF provider for advice is reasonable and there is no reason on the part of the Directors to suspect the competence of the said staff, as such, the breach was not attributable to any neglect on the part of the Directors and they would therefore not be liable under the MPFSO.</p>	<p>As advised by our Legal Counsel, the likely sentence for underpayment of MPF contribution will be in the total sum of HK\$360,000. Given that the omission was not wilful and the mistake has been rectified, and the aggravating features are lacking, the chance for prosecution and hence the imposition of fine is remote. Further, as the failure to submit to the MPF trustee the year-ended bonus payment concerned the same employees as those who were underpaid the MPF contribution, our Legal Counsel considered there will be no separate prosecution. In view of the legal principles laid down in the case laws, our Legal Counsel is of the view that the delegation of powers to the human resources and administrative staff with relevant knowledge to handle the MPF matters and consult the MPF provider for advice is reasonable and there is no reason on the part of the Directors to suspect the competence of the said staff, as such, the breach was not attributable to any neglect on the part of the Directors and they would therefore not be liable under the MPFSO.</p>	<p>Our compliance officer shall be responsible for overseeing our Group's compliance with the relevant laws and regulations.</p>	<p>Our compliance officer shall be responsible for overseeing our Group's compliance with the relevant laws and regulations.</p>

Particulars of the non-compliance	Reason for the non-compliance	Maximum potential liabilities (where applicable) and legal consequences	Rectification actions taken and status	Measures adopted by our Group to prevent recurrence of the non-compliance and ensure continuing compliance	
<p>In the course of preparing the financial statements of our Group for the year ended 31 March 2017, it came to our Directors' attention that there had been certain discrepancies in the tax returns of Double Gain previously filed with the Inland Revenue Department ("IRD"). Such discrepancies had been due to accounting discrepancies within the statutory financial statements of Double Gain of our Group for the relevant years (the "Discrepancies"). The Discrepancies relate to the differences in cut-off adopted for the recognition of revenue and project costs between (i) the stage of completion method, which measures revenue and project costs based on actual invoiced amounts in a given year; and (ii) the invoice method, which measures revenue and project costs based on actual invoiced amounts in a given year. As a result, certain revenue and corresponding project costs incurred in the Relevant Periods were incorrectly recognized in different periods of the statutory financial statements. The internal control adviser had recommended the following measures which has been implemented/ will be implemented by our Group:</p>	<p>The Discrepancies were due to the inadvertent oversight of our accounting staff and the audit of the statutory financial statements of our Group for the Relevant Periods by the then auditors, an accounting firm which is a member of Hong Kong Institute of Certified Public Accountants and established in Hong Kong in 2002 offering audit, accounting, taxation, company secretarial services etc..</p> <p>Our Directors have confirmed that the Discrepancies did not involve intentional misconduct, fraud, dishonesty or corruption on the part of our Directors and senior management of our Group.</p>	<p>As advised by our Hong Kong tax adviser CHENG & CHENG CORPORATE SERVICES LIMITED, as our Group under-reported its assessable profits and filed incorrect profits tax returns for the years of assessment 2013/14 and 2014/15, we may be subject to penal action under sections 80(2), 82 or 82A of the Inland Revenue Ordinance (the "IRO"). Since our Group has voluntarily disclosed the Discrepancies which led to the assessable profits under-reported and submitted revised tax computations for the years of assessment 2013/14 and 2014/15 to the IRD by way of a tax refiling (the "Tax Refiling"), there is no evidence that our Group has wilful intention to make incorrect returns to under-report its tax liabilities, and therefore the likelihood that our Group to be challenged by section 82 of the IRO is remote.</p> <p>Further, under section 80(2) or section 82A of the IRO, IRD may prosecute our Group if the IRD considers that our Group made incorrect returns by omitting or understating anything in respect of which our Group are required to make a return without reasonable excuse. However, based on our Hong Kong tax adviser, substantially all of its clients received notice under section 82A of the IRO, instead of notice under section 80(2) of the IRO, and therefore it is remote for our Group to be subject to a penalty under section 80(2) of the IRO rather than section 82A of the IRO. section 82A(7) of the IRO also points out that when a company is subject to penalty under section 82A of the IRO, it would not be subject to penalty under section 80(2) of the IRO.</p> <p>Under section 82A of the IRO, the maximum penalty would be treble the amount of tax undercharged. However, with reference to the penalty policy section (last updated on 12 May 2017) set out by the IRD in its website and our Hong Kong tax adviser, it is unlikely for the IRD to impose maximum penalty on our</p>	<p>Our Group has engaged a reputable international accounting firm as its tax representative to make the Tax Refiling containing computations for the years of assessment of 2013/14, 2014/15 and 2015/16 to the IRD on 11 August 2017.</p> <p>Our Group has yet to receive response from the IRD in this regard as at the Latest Practicable Date. Our Group will duly settle the reassessed income tax balance, if any, in accordance with the assessment of the IRD.</p> <p>Save for any amount which have been provided for in the audited combined financial statements of our Group as set out in Appendix I to this prospectus and subject to the terms and conditions contained therein, our Controlling Shareholders have given joint and several indemnities to our Company pursuant to the Deed of Indemnity in respect of any tax liability and/or the resulting penalty or surcharge as assessed by the IRD in relation to the tax undercharged for the years of assessment of 2013/2014 and 2014/2015 for which our Group may be liable. For details in relation to the Deed of Indemnity, please refer to the paragraph headed "E. Other information — 1. Tax and other indemnities" in Appendix IV to this prospectus.</p>	<p>Our Group has appointed an independent internal control adviser to perform internal controls review and found the Discrepancies were relate to the difference in cut-off adopted for the recognition of revenue and project cost between (i) the stage of completion method, which measures revenue and project costs based on the percentage of works completed for a certain project during a year; and (ii) the invoice method, which measures revenue and project costs based on actual invoiced amounts in a given year. As a result, certain revenue and the corresponding project costs incurred during (a) the periods of certain years ended 31 March 2014 and (b) the years ended 31 March 2015 and 2016 (a) and (b) together as the "Relevant Periods", were incorrectly recognised in different periods of the statutory financial statements. As such, our Group made certain accounting adjustments on the opening balance of retained earnings brought forward as at 1 April 2014 (i.e. adjusted for errors prior to 1 April 2014) and our Group's profit for the years ended 31 March 2015 and 2016 to recognise revenue and direct costs, including the corresponding retention monies and amounts due from (to) customers for contract work, of all projects undertaken by Double Gain during the relevant financial</p>	<p>(i) we have appointed Mr. Kwong Chun Ming Alex, a certified public accountant as our chief financial officer, to oversee the accounting function of our Group. The management accounts and financial information prepared by our staff in the finance department are required to be reviewed by the chief financial officer before approval by our Directors;</p> <p>(ii) we have updated our Group's accounting policies and financial reporting manual specifying the revenue recognition policies and the procedures describing the flow of process and the relevant approvals to be obtained;</p> <p>(iii) we will appoint an internal control consultant or establish an internal audit department to monitor the</p>

Particulars of the non-compliance	Reason for the non-compliance	Maximum potential liabilities (where applicable) and legal consequences	Rectification actions taken and status	Measures adopted by our Group to prevent recurrence of the non-compliance and ensure continuing compliance
<p>years according to the stage of completion method.</p> <p>Based on the revised tax computations refilled by Double Gain to the IRD, the tax payables of Double Gain after making relevant adjustments to the retained earnings, revenue and project costs in Relevant Periods are estimated to have been undercharged for the years ended 31 March 2014 and 2015 in the respective amounts HK\$2.6 million and HK\$0.9 million, and overcharged for the year ended 31 March 2016 in the amount of HK\$1 million, with the net-off impact estimated to be an undercharged of approximately HK\$2.5 million. Accordingly, the taxes undercharged and overcharged have been provided in the corresponding years and the tax payables of Double Gain as at 31 March 2014, 2015 and 2016 of our Group are adjusted to include the respective impact. The net tax provision of HK\$2.5 million, which arise from the cut off adjustments on Double Gain's projects with relevant project periods lasting for more than one year, will be settled gradually towards the end of the project periods.</p> <p>Double Gain has appointed a reputable international accounting firm as its new tax representative and has refilled the revised tax computations voluntarily with the IRD based on the adjusted financial information to the IRD for tax reassessment in respect of the Relevant Periods on 11 August 2017. The revised tax computation of Double Gain submitted to the IRD for the year of assessment 2013/14 has</p>	<p>Group, particularly when it was the first time our Group committed similar offences, instead, the penalty imposed by the IRD shall be around 5%-30% of the tax undercharged (i.e. HK\$176,000 to HK\$1,054,000), based on the following:</p> <p>(i) our Group has made full voluntary disclosure on the Discrepancies which resulted in the assessable profits under-reported, and hence the tax undercharged; and</p> <p>(ii) there is no evidence that the tax understatement was due to intentional disregard of law and recklessness. It is more likely for the IRD to consider that the Discrepancies were due to our Group's failure to exercise reasonable care in filing its profits tax returns.</p> <p>After taken into account the factors considered by the IRD in determining the amount of penalty charged to taxpayer, our Hong Kong tax adviser is of the view that instead of 30%, it is more likely the tax penalty, if any, imposed by the IRD on our Group shall be approximately HK\$176,000, being 5% of the tax undercharged for the years of assessment 2013/14 and 2014/15, based on the following:</p> <p>(i) our Group has been cooperative in quantifying the amounts of tax undercharged for the IRD's easy reference;</p> <p>(ii) there is only timing difference in recognising our Group's profits and it is likely that the under-stated assessable profits for the years of assessment 2013/14 and 2014/15 have been/will be reported in the subsequent years of assessment; and</p> <p>(iii) our Group has not committed similar offences before.</p>	<p>Group, particularly when it was the first time our Group committed similar offences, instead, the penalty imposed by the IRD shall be around 5%-30% of the tax undercharged (i.e. HK\$176,000 to HK\$1,054,000), based on the following:</p> <p>(i) our Group has made full voluntary disclosure on the Discrepancies which resulted in the assessable profits under-reported, and hence the tax undercharged; and</p> <p>(ii) there is no evidence that the tax understatement was due to intentional disregard of law and recklessness. It is more likely for the IRD to consider that the Discrepancies were due to our Group's failure to exercise reasonable care in filing its profits tax returns.</p> <p>After taken into account the factors considered by the IRD in determining the amount of penalty charged to taxpayer, our Hong Kong tax adviser is of the view that instead of 30%, it is more likely the tax penalty, if any, imposed by the IRD on our Group shall be approximately HK\$176,000, being 5% of the tax undercharged for the years of assessment 2013/14 and 2014/15, based on the following:</p> <p>(i) our Group has been cooperative in quantifying the amounts of tax undercharged for the IRD's easy reference;</p> <p>(ii) there is only timing difference in recognising our Group's profits and it is likely that the under-stated assessable profits for the years of assessment 2013/14 and 2014/15 have been/will be reported in the subsequent years of assessment; and</p> <p>(iii) our Group has not committed similar offences before.</p>	<p>implementation of our internal control policies regarding financial reporting through regular reviews;</p> <p>(iv) our audit committee will oversee and advise on the sufficiency and effectiveness of the financial reporting and internal control procedures in accounting and financial matters;</p> <p>(v) our Group has engaged a responsible person with sufficient experience and knowledge as tax representative to handle tax related matters and tax filing going forward, to facilitate the efficiency and accuracy of the handling of tax computation and tax return, as well as queries from the IRD;</p> <p>(vi) our Group will engage auditors to ensure that we are in compliance with the requirements of relevant accounting standards and achieve a true and fair view when preparing future consolidated financial statements of our Group; and</p> <p>(vii) our Group will provide regular accounting and taxation training to the accounting staff, especially on topics in relation to revenue recognition and tax compliance.</p>	<p>implementation of our internal control policies regarding financial reporting through regular reviews;</p> <p>(iv) our audit committee will oversee and advise on the sufficiency and effectiveness of the financial reporting and internal control procedures in accounting and financial matters;</p> <p>(v) our Group has engaged a responsible person with sufficient experience and knowledge as tax representative to handle tax related matters and tax filing going forward, to facilitate the efficiency and accuracy of the handling of tax computation and tax return, as well as queries from the IRD;</p> <p>(vi) our Group will engage auditors to ensure that we are in compliance with the requirements of relevant accounting standards and achieve a true and fair view when preparing future consolidated financial statements of our Group; and</p> <p>(vii) our Group will provide regular accounting and taxation training to the accounting staff, especially on topics in relation to revenue recognition and tax compliance.</p>

Particulars of the non-compliance	Reason for the non-compliance	Maximum potential liabilities (where applicable) and legal consequences	Rectification actions taken and status	Measures adopted by our Group to prevent recurrence of the non-compliance and ensure continuing compliance
<p>already taken into account the accounting adjustments for the period before 1 April 2014.</p>	<p>Reason for the non-compliance</p>	<p>Maximum potential liabilities (where applicable) and legal consequences</p>	<p>Rectification actions taken and status</p>	<p>Measures adopted by our Group to prevent recurrence of the non-compliance and ensure continuing compliance</p>
<p>As advised by our Legal Counsel, given that:</p> <p>(i) our Group has relied on professional adviser to deal with its accounting matters and in view of the legal principles laid down in the decisions of Her Majesty's Revenue and Customs and Hong Kong Board of Review which evidenced the general acceptance that in relation to understated tax, it is manifestly reasonable for a taxpayer to place reliance on the adviser, our Legal Counsel is of the view that the defence of reasonable excuse is available to our Group and therefore our Group would not be liable under section 80(2) of the IRO and the chance that our Group be assessed for additional tax under section 82A of the IRO is remote; and</p> <p>(ii) the adjustments were mainly related to the change of accounting policy to recognise revenues and project costs and in fact, the project costs and other expenses which are deductible under IRO have also been understated, further, upon discovery of the mistake our Group has rectified by disclosing the Discrepancies to the IRD promptly, therefore there is no evidence that our Directors had intention to evade tax, our Legal Counsel is of the view that the responsible person of our Group would not be prosecuted under section 82 of the IRO.</p> <p>Based on the above opinions, our Directors consider that the amount of potential tax penalty that might be imposed by the IRD is immaterial, and therefore no provision for such amount has been made in the financial statements of our Group for the Track Record Period.</p>	<p>Reason for the non-compliance</p>	<p>Maximum potential liabilities (where applicable) and legal consequences</p>	<p>Rectification actions taken and status</p>	<p>Measures adopted by our Group to prevent recurrence of the non-compliance and ensure continuing compliance</p>

Our Directors are of the view that the above non-compliances have not had and will not have a material adverse effect on our business, results of operations and financial conditions.

BUSINESS

The internal control adviser has also performed internal controls review on our Group's financial reporting system. A summary of other keys findings of the internal control adviser on our Group's financial reporting system and its recommendations and implementation of remedial measures are set out in the table below:

<u>Key findings</u>	<u>Recommendations</u>	<u>Implementation of remedial measures</u>
Absence of comprehensive annual financial budgets, cash flow forecasts and variance analysis	<p>It is recommended that management of our Company sets up a budgetary control system to help monitor its financial and operational performance. Financial budgets and cash flow should be prepared by the chief financial officer and reviewed by our Directors annually. The cash flow forecasts should be properly prepared and submitted to the management annually as well.</p> <p>It is also recommended that variance analysis should be properly prepared, reviewed, and approved by the management in writing at least quarterly. If there are material discrepancies, our Company should investigate and make adjustment to the financial budgets and cash flow forecast accordingly.</p>	Budgets, cash flow forecast and variance analysis have been prepared. Comprehensive budgets and cash flow forecast would be prepared by chief financial officer and reviewed by Directors annually. Variance analysis would be prepared and reviewed by management quarterly.
Lack of segregation of duties for accounting entries	All the vouchers should be reviewed and approved by personnel other than the preparer. The entries could be prepared by an account assistant, and reviewed by the account manager before posting in the ledger. The approval process could be done via signatory on the hard copy of vouchers.	The accounting vouchers have been prepared and printed out by the accounting clerk. Accounting manager and chief financial officer have signed on the accounting voucher as an evidence of review and approval. Management accounts have been prepared on a monthly basis by the accounting manager, reviewed by chief financial officer and approved by Directors.

BUSINESS

LITIGATION AND CLAIMS

During the Track Record Period and as at the Latest Practicable Date, our Group had been or was involved in certain claims and litigations.

Set out below are the details of the criminal charges against a member of our Group during the Track Record Period and up to the Latest Practicable Date:

<u>Particular of the charges</u>	<u>Relevant laws and regulations</u>	<u>Penalty imposed</u>
Double Gain was on 18 January 2017 charged by the Labour Department for alleged failure to ensure that the suspended working platform is not used for carrying persons unless every person carried on it is wearing a safety belt that is attached to the safety equipment and Double Gain was acquitted on 8 September 2017	Sections 15(2) and 29(1) of Factories and Industrial Undertakings (Suspended Working Platforms) Regulations (Cap. 59AC)	Nil (acquitted)
Double Gain was on 3 February 2017 charged by the Labour Department and on 23 May 2017 convicted for two occasions of failure to take adequate steps to prevent a person on site from falling from a height of 2 metres or more	Sections 38B(1A), 68(1)(a) and 68(2)(g) of Construction Sites (Safety) Regulations (Cap. 59I)	HK\$30,000 (total for both convictions)
Double Gain was on 1 April 2015 charged by the Labour Department and on 5 May 2015 convicted for failure to ensure the use by workman of goggles or screens on site	Sections 43(b), 68(1)(a) and 68(2)(b) of Construction Sites (Safety) Regulations (Cap. 59I)	HK\$2,000
On 1 April 2015, Double Gain was charged by the Labour Department and on 5 May 2015 convicted for failure to take all reasonable steps to ensure that workman on site wears a suitable safety helmet	Sections 48(1A)(b), 68(1)(a) and 68(2)(b) of Construction Sites (Safety) Regulations (Cap. 59I)	HK\$2,000

As at the Latest Practicable Date, we had duly paid the above fines and our Directors are of the view that the amount of the fines was not material to our Group.

BUSINESS

Each of the above incidents was discovered by the Labour Department during their irregular inspection conducted at the workplace of our Group. Our Directors believe that the above criminal charges had resulted from deviation from the relevant safety requirements by workers who were less experienced or with weaker safety awareness. To prevent the recurrence of breach of laws, our Group has required our staff and our subcontractors' workers to observe the occupational health and safety measures and our policy, and to attend site safety briefing sessions and trainings before they commence work on-site. We also hired two safety supervisors on 16 November 2015 and 26 July 2016 respectively who were responsible for regularly visiting and inspecting the performance of our works and have since June 2017 established an accident register to record the date, types and details of accident, the injured person, compensation paid and insurance claim details, and a safety violation register to record the date, types and details of violated regulations, the involved workers and their subordinated contractors, as well as the amount of fine paid. Each register shall be reviewed monthly by the executive Director and the safety supervisors to monitor subcontractors and workers' discipline and to ensure the relevant safety rules and regulations are being complied with.

Set out below are the details of a civil claim against our Group which was settled during the Track Record Period and up to the Latest Practicable Date:

<u>Nature of incident/claim</u>	<u>Date of incident</u>	<u>Capacity of plaintiff(s)</u>	<u>Name(s) of defendant(s)</u>	<u>Amount of damages settled</u>	<u>Insurance coverage</u>	<u>Status</u>
An accident resulting in one employees' compensation claim and one personal injury claim	14 December 2013	An employee of our subcontractor	Double Gain and a customer of Double Gain	HK\$400,000	100%. The amount of damages was covered by insurance taken out by the relevant customer	The claim has been settled in February 2016
It was alleged that her neck, back and right ankle were injured while she was in the course of employment with our subcontractor at the construction site in Tin Shui Wai, Hong Kong						

To prevent recurrence of the above incident, our Group has reminded and required our staff and our subcontractors' workers to observe our safety measures and policies and mechanisms for reporting accident, and to attend site safety briefing sessions and trainings before they commence work on-site. Our safety supervisors, who were hired on 16 November 2015 and 26 July 2016 respectively, have also conducted regular site visits to ensure the relevant safety rules and regulations are being complied with by our and subcontractors' workers.

BUSINESS

Save as disclosed in this prospectus, during the Track Record Period and up to the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial conditions.

CORPORATE GOVERNANCE MEASURES

We recognise the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability, earning the confidence of shareholders and the public. In order to comply with the requirements under the Listing Rules, in particular, the code provisions contained in the corporate governance code as set out in Appendix 15 (the “Code”) of the GEM Listing Rules, we will adopt the following measures prior to Listing:

- (i) we have established the audit committee, remuneration committee and nomination committee with respective written terms of reference in accordance with the code provisions contained in the Code. The section headed “Directors, senior management and employees — Board committees” in this prospectus set out further information;
- (ii) we have appointed three independent non-executive Directors and at least one of them has accounting expertise;
- (iii) the Chairman of our Board, Mr. CK Tsang, is responsible for the overall strategic planning and business development as well as executing the overall operation of our Group;
- (iv) our Directors will operate in accordance with the Articles which require the interested Director not to vote (nor be counted 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 close associates is materially interested except as permitted by the Articles;
- (v) pursuant to the Code, our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our cost;
- (vi) our Company will adopt comprehensive company policies covering legal and regulatory compliance with reference to the Code;
- (vii) 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
- (viii) our Company Secretary will review and ensure the Board’s policies and procedures, and all applicable rules and regulations, are complied with by each and every Director.

BUSINESS

Our Group is expected to comply with the Code which sets out the principles of good corporate governance in relation to, among others, our Directors, our Chairman and daily operation management, 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 policies and practices on corporate governance from time to time. Our Group 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.

RISK MANAGEMENT

Our Directors confirm that during the ordinary course of our business, we are primarily exposed to (i) regulatory risks in relation to our business; (ii) operational risk; (iii) credit risks relating to trade receivable; and (iv) market risks relating to changes in macroeconomic environment.

The following sets out the key risks for our business and the mitigating internal control procedures thereof:

Regulatory risk management

Upon Listing, our Group may be exposed to the risks of non-compliance with the Listing Rules. We have assigned designated personnel to update the content of Company policies at least annually and to distribute to all Directors and employees new amendments of the Listing Rules. We have appointed Innovax Capital Limited as compliance adviser to advise us on compliance issues. Our Group will also retain a legal advisor to advise us on compliance matters with applicable Hong Kong laws and regulations.

Operational risk management

Our project management staff is responsible for maintaining the operation, assessing the operational risks and implementing our internal policies and procedures of our projects. Our project management staff visits the project sites from time to time and our project management staff will report irregularities in connection with the operation of the projects to the project directors and senior management for directions. Our Group emphasises ethical value and prevention of fraud and bribery.

Credit risk management

Our Group is exposed to credit risk which may cause financial loss to our Group if our counterparties failed to discharge an obligation. In order to minimise the credit risk, the payment terms of all contracts must be approved by our project directors. Before deciding whether to submit tender or quotation, our Group will consider factors such as creditworthiness of the relevant customers and the contract terms.

BUSINESS

In addition, our project directors also take into account the length of business relationship, past reputation and repayment history of each of our customers for monitor the payments. Settlement is monitored by our project directors and our finance and accounting department. For overdue balances, our finance and accounting department will be alerted and appropriate follow up action will be taken. When the trade receivable balances remain unsettled after the agreed credit terms, they will be classified as overdue. For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, our Group did not make any provision for doubtful debts relating to accounts receivables.

Market risk management

Our Group is exposed to general market risks related to changes in macroeconomic environment and movements in market variables such as gross domestic product, interest rates, and other market changes. Our project directors are responsible for identifying and assessing potential market risks and from time to time formulating policies to mitigate these market risk.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

On 9 August 2017, Mr. CK Tsang and Mr. MP Tsang entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, among other things, that they are parties acting in concert (having the meaning as ascribed thereto in the Takeovers Code) in respect of each member of our Group since their respective dates of incorporation and will continue so as of and after the date of the Concert Parties Confirmatory Deed. By virtue of the Concert Parties Confirmatory Deed, our group of Controlling Shareholders include Mr. CK Tsang, Universe King, Mr. MP Tsang and Great Star. For details of the Concert Parties Confirmatory Deed, please refer to the section headed “History, corporate structure and Reorganisation — Parties acting in concert” in this prospectus.

Immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme), our group of Controlling Shareholders will together be entitled to exercise or control the exercise of approximately 56.24% of our Company’s entire issued share capital.

Each of Mr. CK Tsang and Mr. MP Tsang is our executive Director. Each of Universe King and Great Star is an investment holding company wholly-owned by Mr. CK Tsang and Mr. MP Tsang respectively. Mr. CK Tsang and Mr. MP Tsang are deemed to be interested in the Shares held by Universe King and Great Star respectively under the SFO.

Save as disclosed above, there is no other person who will, immediately following completion of the Capitalisation Issue and the Share Offer, without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme, be directly or indirectly interested in 30% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30% or more of the equity in such entity.

RULE 11.04 OF THE GEM LISTING RULES

Apart from the business of our Group, each of the Controlling Shareholders, our substantial shareholders, our Directors and their respective close associates do not have any business or interest that competes or is likely to compete, directly or indirectly, with our business, which would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors believe that our Group is capable of carrying on our business independently from our Controlling Shareholders and their respective close associates after the Listing after taking into consideration of the following factors:

Management independence

The day-to-day management and operations of our Group will be the responsibility of all our executive Directors and senior management of our Company. The Board consists of six Directors, comprised of three executive Directors and three independent non-executive Directors. Although Mr. CK Tsang and Mr. MP Tsang, being the ultimate Controlling Shareholders are our executive Directors, and also hold directorship in Universe King and Great Star respectively, we consider that our Board and senior management will function independently from our Controlling Shareholders because:

- (a) each of Universe King and Great Star has no business operation;
- (b) each Director is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests; and
- (c) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transactions, and shall not be counted in forming quorum.

In addition, the senior management team of our Group is independent from our Controlling Shareholders. The independent non-executive Directors will also bring independent judgment to the decision making process of the Board.

Operational independence

Our Group has established our own organisational structure comprising of individual departments, each with specific areas of responsibilities. Our Group has not shared our operational resources and general administration resources with our Controlling Shareholders and/or their respective close associates. Our Group has also established a set of internal controls to facilitate the effective operation of our business.

Financial independence

Our Group has our own financial management and accounting systems and functions, and makes financial decisions according to our own business needs. Our Group has the ability to operate independently from the Controlling Shareholders from a financial perspective.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

In addition, our Group has sufficient capital to operate our business and has independent access to third-party financing and our Group does not rely on our Controlling Shareholders and their close associates by virtue of their provision of financial assistance.

During the Track Record Period and up to the Latest Practicable Date, we had a bank overdraft facility which was secured by personal guarantees provided by Mr. CK Tsang and Mr. MP Tsang. The personal guarantees will be released upon Listing and be replaced by a corporate guarantee from our Company. In addition, Mr. MP Tsang provided personal guarantees in relation to two of our projects, which commenced in April 2015 and April 2016 respectively, and such personal guarantees have been released and replaced by additional retention money. The additional retention money paid by us for the two projects are HK\$3.0 million, representing approximately 8.6% of the awarded contract sum, and HK\$10.0 million, representing approximately 3.8% of the awarded contract sum, respectively.

NON-COMPETITION UNDERTAKINGS

The Controlling Shareholders as covenantors (each of them, a “**Covenantor**” and collectively, the “**Covenantors**”) executed the Deed of Non-Competition in favour of our Company (for itself and as trustee for each of its subsidiaries).

In accordance with the Deed of Non-Competition, each Covenantor undertakes that, from the Listing Date and ending on the occurrence of the earliest of (i) the date on which the Shares cease to be listed and traded on GEM (except for temporary trading halt or suspension of trading of the Shares on GEM due to any reason); or (ii) the date on which the Covenantors and their close associates (individually or collectively) cease to be a Controlling Shareholder:

1. Non-competition

Each of the Covenantors jointly and severally and irrevocably undertakes and covenants to our Company (for itself and as trustee for each of its subsidiaries) that each of them will not, and will procure that his/its close associates (except any member of our Group) will not, either on his/its own account or in conjunction with or on behalf of any person, firm or company, directly or indirectly, among other things, carry on, participate or be interested or engaged in or acquire or hold any right or interest (in each case whether as an investor, a shareholder, principal, partner, director, employee, consultant, agent or otherwise and whether for profit, reward, interest or otherwise), or otherwise be involved in any business which is or may be in competition, whether directly or indirectly, with the business carried on or contemplated to be carried on by any member of our Group in anywhere or place where our Group has conducted business as at the date of the Deed of Non-Competition or may conduct business from time to time in the future, including but not limited to the provision of repair, maintenance, alteration and addition services and building construction services in Hong Kong (the “**Restricted Business**”).

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

2. New business opportunity

Each of the Covenantors represents and warrants that neither it/he nor any of its/his close associates currently carries out, participates in or is interested or engaging in, invests in, acquires or holds, directly or indirectly (in each case whether as a shareholder, director, partner, agent or otherwise and whether for profit, reward, interest or otherwise) or otherwise is involved in the Restricted Business other than through our Group.

Each of the Covenantors further undertakes to refer to our Company within 10 days any and all new opportunities in connection with the Restricted Business (the “**New Business Opportunity**”) which are identified by or made available to any of them.

Notwithstanding the aforesaid, the Deed of Non-Competition does not apply where:

1. any opportunity to invest, participate, be engaged in and/or operate with a third party any Restricted Business has first been offered or made available to our Group, and that the offer should contain all information reasonably necessary for our Group to consider whether (i) such opportunity would constitute competition with any Restricted Business and (ii) it is in the interest of our Group and the Shareholders as a whole to pursue such opportunity, and our Company has, after review by the independent non-executive Directors, declined such opportunity to invest, participate, be engaged in or operate the Restricted Business with such third party or together with the Covenantor and/or its/his close associate(s), provided that the principal terms by which that Covenantor (or its/his close associate(s)) subsequently invests, participates, engages in or operates the Restricted Business are not more favourable than those disclosed to our Company. A Covenantor may only engage in the New Business Opportunity if a notice is received by the Covenantor from our Company confirming that the New Business Opportunity is not accepted and/or does not constitute competition with the Restricted Business (the “**Non-acceptance Notice**”) upon making a written request for a Non-acceptance Notice to our Company, the Non-acceptance Notice is not received by the Covenantor within 30 days after the proposal of the New Business Opportunity is received by our Company;
2. each Covenantor having interests in the shares or other securities in a company whose shares are listed on a recognised stock exchange provided that the total number of the shares held by the Covenantors and/or their respective close associates or in which they are together interested does not exceed 5% of the issued shares of that class of the company in question (the “**Relevant Company**”), provided that (i) the total number of the relevant Covenantors’ representatives on the board of directors of the Relevant Company is not significantly disproportionate with respect to his shareholdings in the Relevant Company; (ii) at all times there is a holder of such shareholding (together, where appropriate, with its close associates) a larger percentage of the shares in question than the Covenantors and

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

their respective close associates together hold; and (iii) they do not control 10% or more of the voting rights in the meeting of the board of directors or meeting of the shareholders of the Relevant Company.

3. Corporate governance measures

In order to ensure the performance of the above non-competition undertakings, the Covenantors will among others:

- (a) undertake to provide all information necessary for annual review by the independent non-executive Directors and the enforcement of the Deed of Non-Competition;
- (b) allow our Company to disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-Competition either through the annual report, half-year report, quarterly report of our Company or by way of announcements;
- (c) make an annual declaration in relation to the compliance of the terms of the Deed of Non-Competition in the annual report of our Company, and ensure that the disclosure of information relating to compliance with the terms of the Deed of Non-Competition and the enforcement of it are in accordance with the requirements of the GEM Listing Rules; and
- (d) jointly and severally undertake and guarantee to indemnify and keep indemnified our Company and/or any relevant member of our Group against any loss, damage, liability suffered by our Company arising from or in connection with any breach of any his/her/its obligations or undertakings under the Deed of Non-Competition, including any costs and expenses incurred as a result of such breach provided that the indemnity contained in the Deed of Non-Competition shall be without prejudice to any of the other rights and remedies of our Company or any member of our Group in relation to any such breach.

The Deed of Non-Competition and the rights and obligations thereunder are conditional upon (a) the Listing Division granting the listing of, and the permission to deal in, the Shares, as described in this prospectus, and (b) the Listing and dealings in the Shares on GEM taking place.

As the Covenantors have given non-competition undertakings in favour of our Company, and none of them has interests in other businesses that compete or are likely to compete with the business of our Group, our Directors are of the view that they are capable of carrying on our Group's business independently of the Covenantors following the Listing.

During the Track Record Period, our Group had entered into certain transactions with a connected person of our Company, which will continue after the Listing and constitute a continuing connected transaction (as defined under the GEM Listing Rules) of our Company. Details of the transaction is set out in the section headed "Continuing connected transaction" in this prospectus.

CONTINUING CONNECTED TRANSACTION

FULLY EXEMPTED CONTINUING CONNECTED TRANSACTION

During the Track Record Period, we purchased materials such as air-conditioning accessories (the “**Products**”) from Victor Link Trading Limited (“**Victor Link**”). The aggregate amounts paid by our Group for each of the two years ended 31 March 2017 and the four months ended 31 July 2017 amounted to approximately HK\$183,000, HK\$196,000 and HK8,000 respectively. Victor Link is a limited liability company incorporated in Hong Kong. Victor Link is owned by each of Mr. CK Tsang and Mr. MP Tsang as to approximately 30%, hence Victor Link is an associate of Mr. CK Tsang and Mr. MP Tsang. As each of Mr. CK Tsang and Mr. MP Tsang is one of the Controlling Shareholders and executive Directors of our Company, Victor Link is a connected person pursuant to GEM Listing Rules upon Listing.

On 23 January 2018, our Company entered into a master purchase agreement with Victor Link (“**Master Purchase Agreement**”) pursuant to which Victor Link will supply and our Company will purchase, from time to time, the Products for a period commencing from the Listing Date and expiring on 31 March 2020, subject to the terms and conditions of the Master Purchase Agreement. The purchase price of the Products shall be separately negotiated for each purchase by the parties. The parties shall have separate purchase order in respect of each purchase. Having considered that the Products provided by Victor Link were satisfactory and able to meet our requirements and the principal terms (including price and payment terms) offered by Victor Link has been and will be no less favourable than those offered by Independent Third Parties, our Directors believe that it is beneficial for our Group and our Shareholders as a whole to continue the existing practice instead of engaging alternative suppliers to provide such Products. The annual amount payable by us to Victor Link for each of the financial years ending 31 March 2018, 2019 and 2020 is expected not to exceed HK\$250,000, HK\$300,000 and HK\$350,000 respectively. The proposed annual caps for the transaction contemplated under the Master Purchase Agreement are determined after taking into account, among others, (i) historical amount of payment for purchases paid by our Group to Victor Link; (ii) the estimated growth of our business; and (iii) the expected growth of the construction industry.

As all the relevant applicable percentage ratios (other than profits ratio) with respect to the transactions contemplated under the Master Purchase Agreement on an annual basis are less than 0.1%, the transactions contemplated under the Master Purchase Agreement constitute an exempt continuing connected transaction of our Company under Rule 20.74(1) of the GEM Listing Rules, and is exempt from the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

Our Directors (including our independent non-executive Directors) confirmed that the transactions contemplated under the Master Purchase Agreement have been entered into in the ordinary and usual course of business of our Group on normal commercial terms, and the transactions contemplated under the Master Purchase Agreement and the proposed annual caps are fair and reasonable and in the interests of our Company and Shareholders as a whole.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme), the following persons will have an interest or a short position in the Shares or the underlying Shares which would be required 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, directly or indirectly, be 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 member of our Group:

Name	Nature of interest	Number of Shares (Note 1)	Approximate percentage of shareholding
Mr. CK Tsang (Notes 2, 5)	Interest in controlled corporation	104,606,400 Shares (L)	28.12%
Ms. Leung Wai Ling (“ Ms. Leung ”) (Note 3)	Interest of spouse	104,606,400 Shares (L)	28.12%
Universe King	Beneficial owner	104,606,400 Shares (L)	28.12%
Mr. MP Tsang (Notes 4, 5)	Interest in controlled corporation	104,606,400 Shares (L)	28.12%
Ms. Wong Lin Fun (“ Ms. Wong ”) (Note 6)	Interest of spouse	104,606,400 Shares (L)	28.12%
Great Star	Beneficial owner	104,606,400 Shares (L)	28.12%
Mr. Lai (Note 7)	Interest in controlled corporation	62,793,600 Shares (L)	16.88%
Ms. Chu Siu Ping (“ Ms. Chu ”) (Note 8)	Interest of spouse	62,793,600 Shares (L)	16.88%
Giant Winchain	Beneficial owner	62,793,600 Shares (L)	16.88%

Notes:

- 1 The letter (L) denotes the person’s long interest in our Shares.
- 2 Mr. CK Tsang beneficially owns the entire issued share capital of Universe King and is deemed, or taken to be, interested in all the Shares held by Universe King for purposes of the SFO.
- 3 Ms. Leung is the spouse of Mr. CK Tsang and is deemed, or taken to be, interested in all the Shares held by Mr. CK Tsang for purposes of the SFO.
- 4 Mr. MP Tsang beneficially owns the entire issued share capital of Great Star and is deemed, or taken to be, interested in all the Shares held by Great Star for purposes of the SFO.
- 5 On 9 August 2017, Mr. CK Tsang and Mr. MP Tsang entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, among other things, that they are parties acting in concert (having the meaning as ascribed thereto in the Takeovers Code) in respect of each of the members of our Group since their respective dates of incorporation and will continue so as of and after the date of the Concert Parties Confirmatory Deed. Details of the Concert Parties Confirmatory Deed are set out in the section headed “History, corporate structure and Reorganisation — Parties acting in concert” in this prospectus.

SUBSTANTIAL SHAREHOLDERS

- 6 Ms. Wong is the spouse of Mr. MP Tsang and is deemed, or taken to be, interested in all the Shares held by Mr. MP Tsang for purposes of the SFO.
- 7 Mr. Lai beneficially owns the entire issued share capital of Giant Winchain and is deemed, or taken to be, interested in all the Shares held by Giant Winchain for purposes of the SFO.
- 8 Ms. Chu is the spouse of Mr. Lai and is deemed, or taken to be, interested in all the Shares held by Mr. Lai for purposes of the SFO.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any options that may be granted under the Share Option Scheme), have an interest or short position in the Shares or the underlying Shares which would be required 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, directly or indirectly, be 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 member of our Group.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

BOARD OF DIRECTORS

Our Board consists of six Directors, including three executive Directors and three independent non-executive Directors. The following table sets forth the brief particulars of our Directors:

Name	Age	Position	Date of joining our Group	Date of appointment	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Tsang Chiu Kwan (曾昭群先生)	54	Executive Director and Chairman of the Board	15 December 2004	27 July 2017	Responsible for the overall strategic planning and business development as well as executing the overall operation of our Group	Nil
Mr. Tsang Man Ping (曾文兵先生)	45	Executive Director and Chief Executive Officer	15 December 2004	27 July 2017	Responsible for the execution of day-to-day project management of our Group	Nil
Mr. Lee Alexander Patrick (李明鴻先生)	36	Executive Director	23 June 2017	27 July 2017	Responsible for the overall strategic planning and business development	Nil
Mr. So Chun Man (蘇俊文先生)	42	Independent non-executive Director	23 January 2018	23 January 2018	Providing independent advice to the Board	Nil
Mr. Chen Yeung Tak (陳仰德先生)	33	Independent non-executive Director	23 January 2018	23 January 2018	Providing independent advice to the Board	Nil
Ms. Li Amanda Ching Man (李靜文女士)	41	Independent non-executive Director	23 January 2018	23 January 2018	Providing independent advice to the Board	Nil

Executive Directors

Mr. Tsang Chiu Kwan (曾昭群先生), aged 54, was appointed as our Director on 4 July 2017 and appointed as Chairman of the Board and re-designated as our executive Director on 27 July 2017. Mr. CK Tsang is also our Controlling Shareholder. He joined our Group in December 2004 and is responsible for the overall strategic planning and business development as well as executing the overall operation of our Group.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. CK Tsang has completed a two year part-time technician programme and was awarded the certificate in electrical engineering from Kwai Chung Technical Institute (former name of the Hong Kong Institute of Vocational Education (Kwai Chung)) in July 1987. He completed the higher certificate programme on modern factory management at the Hong Kong Management Association in December 1994 and the diploma in business management programme jointly organised by the Hong Kong Polytechnic University and the Hong Kong Management Association in September 2000.

Mr. CK Tsang has over 15 years of experience in the construction industry. Prior to joining our Group, Mr. CK Tsang served as an engineer and was responsible for the equipment maintenance and production supervision in Motorola Semiconductors (HK) Limited from July 1988 to June 2001. Between May 2002 to March 2006, he served as a director in Gowin Engineering Co., Limited where he was responsible for the development and execution of business strategies.

Mr. CK Tsang was a director of the following companies which were incorporated in Hong Kong prior to their respective dissolution:

<u>Name of company</u>	Principal business activity prior to dissolution <i>(Note 3)</i>	Date of dissolution	Means of dissolution <i>(Notes 1 & 2)</i>	Reasons for dissolution
Gowin Engineering Co., Limited	Construction	22 July 2011	Deregistration under the Predecessor Companies Ordinance	Inactive
Wallic Industrial Development Limited	Trading	15 March 2002	Striking off under the Predecessor Companies Ordinance	Inactive

Notes:

1. “Deregistration under the Predecessor Companies Ordinance” refers to the process whereby a private company or a director or a member of a private company incorporated under the Predecessor Companies Ordinance which has ceased its operation and is not insolvent applies to the Companies Registry of Hong Kong for deregistration pursuant to section 291AA of the Predecessor Companies Ordinance. Such application can only be made if (1) all members of the company agree to the deregistration; (2) the company has never commenced business or operation, or has ceased to carry on business or operation for more than three months immediately prior to the application; and (3) the company has no outstanding liabilities.
2. “Striking off under the Predecessor Companies Ordinance” refers to striking off the name of a company from the register of companies by the Registrar of Companies of Hong Kong under section 291 of the Predecessor Companies Ordinance where the Registrar of Companies has reasonable cause to believe that a company is not carrying on business or in operation. Wallic Industrial Development Limited was solvent at the time of its strike-off.
3. The principal business activity of Gowin Engineering Co., Limited prior to dissolution was the provision of fitting out works. Wallic Industrial Development Limited was set up for the purpose of trading in paints but it had not commenced any business since its incorporation.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Tsang Man Ping (曾文兵先生), aged 45, was appointed as our Director on 4 July 2017 and appointed as the chief executive officer of our Group and re-designated as our executive Director on 27 July 2017. Mr. MP Tsang is also our Controlling Shareholder. He joined our Group in December 2004 and is responsible for the execution of day-to-day project management of our Group.

Mr. MP Tsang attended Yuen Long Merchants Association Secondary School. Mr. MP Tsang has over 21 years of experience in the construction industry. He was a sole proprietor of the unlimited company Shing Lee Engineering Company throughout the period from January 1996 to December 2004. Shing Lee Engineering Company was engaged in the provision of fitting out works and Mr. MP Tsang was responsible for the development and execution of business strategies. In 2004, Mr. MP Tsang co-founded Double Gain and subsequently ceased to carry out business through Shing Lee Engineering Company in around 2005 when it was dissolved while solvent.

Mr. Lee Alexander Patrick (李明鴻先生), aged 36, was appointed as our Director on 4 July 2017 and re-designated as our executive Director on 27 July 2017. He is responsible for the overall strategic planning and business development of our Group. Mr. Lee obtained his Bachelor of Arts degree in Economics and Music from Emory University, the United States in December 2007. Further, he is a member of The Hong Kong Institute of Directors since July 2017.

From May 2005 to March 2011, Mr. Lee worked in various institutions whereby he, *inter alia*, advised on business strategies in relation to acquisition or investment opportunities. From May 2005 to April 2008, Mr. Lee was a director of Trulink Limited, an advisory firm, where he was responsible for conducting analysis on investment opportunities and providing overall support to the firm's overall strategic advisory work. He subsequently joined the private banking department of J.P Morgan from April 2008 to December 2009 under the category of Professional Exempt in Private Banking. From January 2010 to November 2010, Mr. Lee was employed by TrendsFormation Capital Limited as business development manager and by Solar Trends Technology Limited (a subsidiary of TrendsFormation Capital Limited) for the period from November 2010 until March 2011 as director and business development manager where he was responsible for *inter alia* executing business strategies, projecting tendering and setting up regional teams in Hong Kong and Indonesia. For the period between April 2011 to May 2012, Mr. Lee worked for the group companies of Morgan Stanley, Hong Kong as an analyst in the international wealth management division in Hong Kong where he was responsible for expanding the PRC client base. Mr. Lee then worked in the capacity of vice president of the private banking department for Credit Suisse, Hong Kong for the period between August 2012 to January 2013. From February 2014 to June 2015, Mr. Lee worked for BOCI-Prudential Asset Management Limited as vice president of the quantitative strategy business unit of the company. He worked as an investment director during April 2016 to July 2017 and as a consultant since November 2017 for First Impression Limited, a consulting firm, where he was responsible for, *inter alia*, advising on investment structures and business development. Since June 2017, he is an independent non-executive director of SK Target Group Limited (a company listed on the Stock Exchange with stock code 8427), a company principally engaged in the manufacturing and sale of precast concrete telecommunication junction boxes and precast concrete electrical junction boxes in Malaysia.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Independent non-executive Directors

Mr. So Chun Man (蘇俊文先生), aged 42, was appointed as our independent non-executive Director on 23 January 2018. Mr. So obtained a Higher Certificate in Building Studies from Hong Kong Technical College in June 1998 and a Bachelor of Applied Science Construction Management and Economics from Curtin University of Technology, Australia in September 2001. He is a member of both the Australian Institute of Building and the Hong Kong Institute of Construction Managers since August 2005, an incorporate member of the Chartered Institute of Building United Kingdom since April 2007 and a member of the Chartered Association of Building Engineers since September 2015. Further, he was a Council Member of the Hong Kong General Building Contractor Association from 2015 to 2016. Since July 2016, he is the Vice Honorary Secretary of the Hong Kong General Building Contractor Association and the Honorary President of the Fire Safety Ambassador Honorary Presidents' Association of Fire Services Department.

Mr. So has over 25 years' experience in construction industry. From August 1991 to July 1997, Mr. So worked at WTP (Hong Kong) Limited with his last position as Assistant Quantity Surveyor. From October 1997 to March 2004, he worked at Chun Wo Construction & Engineering Co., Limited with his last position as Assistant Quantity Surveyor Manager. From April 2004 to May 2009 and from June 2009 to September 2010, he was a director of Fulluck Construction Engineering Limited and Joy Smart Construction Engineering Limited respectively. From March 2011 to March 2015, he worked as a project director for Yee Hop Engineering Co., Limited. From May 2015 to May 2017, he was a director for Rodney Construction & Engineering Co., Limited and he is currently the director of RS Construction Engineering Limited since October 2015.

Mr. So is currently interested in the private companies below which are in operation and in the construction industry (the "**Construction Companies**"):

<u>Name of company</u>	<u>Capacity</u>	<u>Principal business</u>
King's Fame International Limited (" King's Fame ")	50% shareholder and a director	Subcontractor for fitting out works in Hong Kong
RS Construction Engineering Limited (" RS Construction ")	100% shareholder and a director	Subcontractor for civil maintenance works in power station in Hong Kong

During the Track Record Period, the Construction Companies did not enter into transaction with any member of our Group. Notwithstanding these Construction Companies are in the construction industry carrying out businesses in Hong Kong, their principal businesses are different from our Group's business. King's Fame is a subcontractor for fitting out works, while RS Construction is a subcontractor for civil maintenance works. Our Group is a subcontractor providing RMAA and building construction services but none of the Construction Companies offers the same services. Our Group did not provide fitting out works and civil maintenance works during the Track Record Period and going forward, our Group will focus on RMAA and building

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

construction services. Our Directors confirm that the five largest customers and suppliers of our Group do not overlap with that of the Construction Companies during Track Record Period. Mr. So has undertaken to our Company to procure the Construction Companies (and their associates) not to conduct any business which will be in direct or indirect competition with our Group.

Mr. So was a director of the following companies which were incorporated in Hong Kong prior to their respective dissolution:

<u>Name of company</u>	<u>Principal business activity prior to dissolution</u>	<u>Date of dissolution</u>	<u>Means of dissolution</u> <i>(Notes)</i>	<u>Reasons for dissolution</u>
Fulluck Construction Engineering Limited	Construction	25 September 2015	Striking off under the Predecessor Companies Ordinance	Inactive
Swift Engineering Limited	Construction	7 May 2010	Deregistration under the Predecessor Companies Ordinance	Inactive
T & S Engineering Limited	Engineering	24 August 2001	Deregistration under the Predecessor Companies Ordinance	Inactive

Notes:

1. “Deregistration under the Predecessor Companies Ordinance” refers to the process whereby a private company or a director or a member of a private company incorporated under the Predecessor Companies Ordinance which has ceased its operation and is not insolvent applies to the Companies Registry of Hong Kong for deregistration pursuant to section 291AA of the Predecessor Companies Ordinance. Such application can only be made if (1) all members of the company agree to the deregistration; (2) the company has never commenced business or operation, or has ceased to carry on business or operation for more than three months immediately prior to the application; and (3) the company has no outstanding liabilities.
2. “Striking off under the Predecessor Companies Ordinance” refers to striking off the name of a company from the register of companies by the Registrar of Companies of Hong Kong under section 291 of the Predecessor Companies Ordinance where the Registrar of Companies has reasonable cause to believe that a company is not carrying on business or in operation.

Mr. Chen Yeung Tak (陳仰德先生), aged 33, was appointed as our independent non-executive Director on 23 January 2018. Mr. Chen obtained a Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in December 2006. Mr. Chen has been a member of the Hong Kong Institute of Certified Public Accountants since January 2011.

Mr. Chen has over 10 years of experience in auditing, accounting and financial management. Mr. Chen was employed, among others, by Fung, Yu & Co. CPA Limited from July 2006 to December 2010 with his last position as an assistant manager; Deloitte Touche Tohmatsu as a senior auditor from January 2011 to October 2012; and PYI Corporation Limited (a company listed on the Stock Exchange with stock code: 0498) from October 2012 to February 2015 with his last position as an accounting manager. Mr. Chen is currently the financial controller and company

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

secretary of Sing On Holdings Limited (a company listed on the Stock Exchange with stock code 8352), a company principally engaged in concrete demolition works in Hong Kong and Macau, and an independent non-executive Director of AV Promotions Holding Limited (a company listed on the Stock Exchange with stock code: 8419), which principally provides one-stop visual, lighting and audio solutions in the PRC, Hong Kong and Macau.

Ms. Li Amanda Ching Man (李靜文女士), aged 41, was appointed as our independent non-executive Director on 23 January 2018. Ms. Li was granted a Bachelor of Commerce degree by the University of British Columbia in May 1998 and was admitted to the University of London Degree of Bachelor of Laws (long distance programme) in August 2001. She was conferred a Postgraduate Certificate in Laws by The University of Hong Kong in June 2003.

Ms. Li has over 10 years of experience as a legal practitioner. She was admitted as a solicitor of Hong Kong in November 2005. She worked as a trainee solicitor and an associate at Sidley Austin from September 2003 to August 2005, and September 2005 to June 2008 respectively and an associate at the corporate group of DLA Piper from June 2008 to November 2010. From February 2011 to March 2013, she worked as a manager at the investment products division of the Securities and Futures Commission. Ms. Li is currently a consultant at CFN Lawyers.

Please refer to the paragraph headed “C. Further information about our Directors and substantial shareholders” in Appendix IV to this prospectus for information regarding particulars of our Directors’ service agreements and emoluments and information regarding their respective interests (if any) in the Shares of our Company within the meaning of Part XV of the SFO.

Save as disclosed above, each of our Directors confirms that (i) he/she has not held other positions in our Group or any directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he/she does not have any relationship with any other Directors, senior management or substantial or Controlling Shareholders of our Company; (iii) save as disclosed in the section headed “Substantial Shareholders” in this prospectus, he/she does not have any interests in the Shares within the meaning of Part XV of the SFO; (iv) there are no other matters concerning all our Directors’ appointment that need to be brought to the attention of our Shareholders and the Stock Exchange; and (v) there are no other matters which shall be disclosed pursuant to Rule 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

SENIOR MANAGEMENT

The following table sets out certain information concerning our senior management:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date of joining our Group</u>	<u>Date of appointment</u>	<u>Roles and responsibilities</u>	<u>Relationship with Directors</u>
Mr. Tse Choi Lam (謝財林先生)	44	Project Manager	August 2011	April 2014	Responsible for the operation and management of the construction projects of our Group	Nil
Mr. Kwong Chun Ming Alex (龔俊銘先生)	39	Chief Financial Officer	May 2017	May 2017	Responsible for supervising our Group's financial activities, budgeting and forecasting, as well as corporate secretarial practices and procedure of our Group	Nil
Mr. Tse Man Kin (謝文健先生)	36	Quantity Surveyor Manager	April 2005	April 2014	Responsible for tendering, cost control, procurement and leading the quantity surveying group of our Group	Nil

Mr. Tse Choi Lam (謝財林先生), aged 44, is the project manager of our Group. He joined our Group in August 2011 as a site agent and was promoted to his current position in April 2014. He is responsible for the operation and management of the construction projects of our Group. He obtained the Certificate in Building Studies from Morrison Hill Technical Institute (former name of the Hong Kong Institute of Vocational Education (Morrison Hill)) in August 1995 and the Higher Certificate in Building Studies from Hong Kong Technical College in June 1997. He also completed various training courses including a construction safety supervisor course, a metal scaffold erecting and dismantling supervision training course and a highways department site audit inspection standards (safety & roadwork obligations) course at the Construction Industry Training Authority, and an occupational safety management course at the Occupational Safety and Health Council.

Mr. Tse has over 20 years experience in construction industry. Prior to joining our Group, he worked at Shui On Building Contractors Ltd. with last position as foreman from September 1994 to November 1997. He worked as a works supervisor I for Dennis Lau & Ng Chun Man Architects & Engineers (H.K) Limited from December 1997 to February 2001. He then joined Tai Fong Engineering Hong Kong Co., Ltd. from April 2001 to April 2002 and Wing Hong Contractors Ltd. from May 2002 to September 2002, both as a group representative. From March 2003 to June 2011, he worked for Chun Wo Construction & Engineering Co. Ltd. with last position as site agent.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Kwong Chun Ming Alex (鄭俊銘先生), aged 39, is the chief financial officer of our Group. He joined our Group in May 2017 and is responsible for supervising our Group's financial activities, budgeting and forecasting, as well as corporate secretarial practices and procedure of our Group. Mr. Kwong obtained his Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in November 2003. He became a member of the Hong Kong Institute of Certified Public Accountants in January 2008 and a fellow member of the Association of Chartered Certified Accountants in March 2012.

He has over 10 years of experience in accounting. Prior to joining our Group, Mr. Kwong worked at Deloitte Touche Tohmatsu from October 2004 to November 2011 with his last position as manager. From December 2011 to May 2017, he worked at Ernst & Young with his last position as senior manager.

Mr. Tse Man Kin (謝文健先生), aged 36, is the quantity surveyor manager of our Group. He is responsible for tendering, cost control, procurement and leading the quantity surveying group of our Group. He obtained the Certificate in Building Studies and the Higher Certificate in Building Studies from the Hong Kong Institute of Vocational Education in July 2004 and July 2008 respectively. He obtained his Bachelor of Science in Civil Engineering from the Bulacan State University, Philippines in June 2012. He also completed various training courses including a construction safety officer course and an assistant safety officer evening course (and awarded the construction safety supervisor certificate) at the Construction Industry Training Authority.

Mr. Tse has over 15 years experience in construction industry. Prior to joining our Group, he worked as an quantity surveyor for Woon Lee Construction Co., Ltd. from October 2004 to April 2005. From April 2005 to March 2010, he joined our Group as a project coordinator. He worked for Ringtone Ltd. as a project coordinator from April 2010 to September 2011 and he re-joined our Group in October 2011 as a quantity surveyor and was promoted to his current position in April 2014.

Save as disclosed above, during the three years preceding the Latest Practicable Date, none of our senior management held any directorships in any public companies whose the securities are listed on any securities market in Hong Kong or overseas. None of our senior management has any relationship with our Directors, other senior management and Controlling Shareholders of our Company.

COMPANY SECRETARY

Mr. Kwong Chun Ming Alex (鄭俊銘先生), was appointed as the company secretary of our Group on 27 July 2017. For details of his qualifications and experience, please refer to paragraph headed "Senior management" in this section of the prospectus.

AUTHORISED REPRESENTATIVES

Mr. CK Tsang and Mr. MP Tsang have been appointed as our authorised representatives under Rule 5.24 of the GEM Listing Rules. The authorised representatives will act as the principal communication channel with the Stock Exchange and will make themselves readily available in Hong Kong whenever necessary to deal with enquiries from the Stock Exchange. When the Stock Exchange contacts the authorised representatives, they will be able to contact all members of the Board immediately, ensuring an effective communication channel with the Stock Exchange. In addition to appointing the authorised representatives, we have also retained the services of a compliance adviser which, in addition to the authorised representatives of our Company, will act as the principal channel of communication with the Stock Exchange from the Listing Date until the date on which we comply with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year following Listing.

COMPLIANCE OFFICER

Mr. CK Tsang was appointed as the compliance officer of our Company on 27 July 2017. For details of his qualification and experience, please refer to paragraph headed “Executive Directors” in this section of the prospectus.

COMPLIANCE ADVISER

We have appointed Innovax Capital Limited as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules.

We have entered into a compliance adviser’s agreement with the compliance adviser, the material terms of which are as follows:

- (a) we appoint the compliance adviser for the purpose of Rule 6A.19 of the GEM Listing Rules for a period commencing on the date of listing of our Shares on GEM and ending on the date on which we comply with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date, or until the agreement is terminated, whichever is earlier;
- (b) the compliance adviser shall provide us with services, including guidance and advice as to compliance with the requirements under the GEM Listing Rules and applicable laws, rules, codes and guidelines, and to accompany us to any meetings with the Stock Exchange;
- (c) we are entitled to terminate the appointment of the compliance adviser by giving not less than one month’s written notice to the compliance adviser. The compliance adviser will have the right to resign or terminate its appointment if we materially breach the agreement; and

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

- (d) during the period of appointment, the compliance adviser shall provide advice and guidance to us in the following circumstances:
- (i) before the publication of any regulatory announcement, circular or financial report by our Company;
 - (ii) where we propose to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
 - (iii) where the Stock Exchange makes an inquiry of us under Rule 17.11 of the GEM Listing Rules.

BOARD COMMITTEES

Audit committee

Our Company has established an audit committee on 23 January 2018 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C.3.3 of the Corporate Governance Code and Corporate Governance Report, as set out in Appendix 15 to the GEM Listing Rules have been adopted. The primary duties of the audit committee are, among other things, to review and supervise the financial reporting process and internal control systems of our Group. The audit committee comprises three independent non-executive Directors, namely Mr. Chen Yeung Tak, Mr. So Chun Man and Ms. Li Amanda Ching Man. Mr. Chen Yeung Tak is the chairman of the audit committee.

Remuneration committee

Our Company has established a remuneration committee on 23 January 2018 which, at present, comprises Mr. So Chun Man, Mr. Chen Yeung Tak and Ms. Li Amanda Ching Man, with Mr. So Chun Man being the chairman of the remuneration committee. Written terms of reference in compliance with paragraph B.1.2 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules, have been adopted. Amongst other things, the primary duties of the remuneration committee are to determine the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of independent non-executive Directors.

Nomination Committee

Our Company has established a nomination committee on 23 January 2018 with written terms of reference. The nomination committee comprises Ms. Li Amanda Ching Man, Mr. So Chun Man and Mr. Chen Yeung Tak. Ms. Li Amanda Ching Man has been appointed as the chairman of the nomination committee. Written terms of reference in compliance with paragraph A.5.2 of the

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Corporate Governance Code as set out in Appendix 15 to GEM Listing Rules have been adopted. The nomination committee is mainly responsible for making recommendations to the Board on appointment of Directors and succession planning for our Directors.

DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The aggregate amount of compensation paid by us for each of the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017 to our Directors was approximately HK\$512,000, HK\$1,420,000 and HK\$560,000 respectively.

Save as disclosed above, no other fees, salaries, housing allowances, discretionary bonuses, other allowances and benefits in kind and contributions to pension scheme were paid by our Group to our Directors during the Track Record Period. Save as disclosed, no Directors waived any emoluments during the Track Record Period.

The five highest paid individuals of our Group during the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017 include nil, two directors and two directors, respectively. Details of the five, three and three highest paid individuals for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively, are as follows:

	<u>For the year ended 31 March</u>		<u>For the four</u>
	<u>2016</u>	<u>2017</u>	<u>months ended</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>31 July 2017</u>
			<u>HK\$'000</u>
Salaries and other allowances	1,901	1,449	409
Retirement scheme contributions	<u>65</u>	<u>34</u>	<u>18</u>
	<u>1,966</u>	<u>1,483</u>	<u>427</u>

During the Track Record Period, no remuneration has been paid to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as compensation for the loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

The expected annual Directors' fees and other emoluments to be paid by our Group for the financial year ending 31 March 2018 will be approximately HK\$3,036,000.

REMUNERATION POLICY

The Director's fee for each of our Directors is subject to the Board's review from time to time in its discretion after taking into account the recommendation of our remuneration committee. The remuneration package of each of our Directors is determined by reference to market terms, seniority, experiences, duties and responsibilities of that Director within our Group. Our Directors are entitled to statutory benefits as required by law from time to time such as pension.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Prior to the Listing, the remuneration policy of our Group to reward its employees and executives is based on their performance, qualifications, competence displayed and market comparable. Remuneration package typically comprises salary, contribution to pension schemes and medical benefits. Upon and after the Listing, the remuneration package of the Director and the senior management will, in addition to the above factors, be linked to the return to our Shareholders. Our remuneration committee will review annually the remuneration of all our Directors to ensure that it is attractive enough to attract and retain a competent team of executive members.

DIRECTORS' COMPETING INTERESTS

Save as disclosed in the section headed "Relationship with Controlling Shareholders" in this prospectus, none of our Controlling Shareholders, Directors and their respective close associates are interested in any business which competes or is likely to compete with that of ours.

EMPLOYEES

For details of the employees of our Group, please refer to the section headed "Business — Employees" in this prospectus.

SHARE CAPITAL

SHARE CAPITAL

The following table is prepared on the basis that the Share Offer and the Capitalisation Issue have become unconditional. Without taking into account any shares which may be allotted and issued by our Company pursuant to the exercise of the Offer Size Adjustment Option and any options that may be granted under the Share Option Scheme and 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, our share capital immediately following the Capitalisation Issue and the Listing will be as follows:

	<u>HK\$</u>
<i>Authorised share capital:</i>	
780,000,000 Shares of par value of HK\$0.01 each	7,800,000
<i>Issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalisation Issue and the Share Offer:</i>	
11,000 Shares in issue as of the date of this prospectus	110
278,989,000 Shares to be issued pursuant to the Capitalisation Issue	2,789,890
<u>93,000,000</u> Shares to be issued pursuant to the Share Offer	<u>930,000</u>
<u>372,000,000</u> Total	<u>3,720,000</u>

Note: If the Offer Size Adjustment Option is exercised in full, then an aggregate of 13,950,000 additional Shares will be allotted and issued by our Company, resulting in a total issued share capital of 106,950,000 Shares with an aggregate nominal value of HK\$1,069,500.

ASSUMPTIONS

The above table assumes that the Capitalisation Issue and the Share Offer become unconditional and the issue of Shares pursuant thereto is made as described herein. It does not take into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme, or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates given to our Directors to allot and issue or repurchase Shares as referred to below.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of the total issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

SHARE CAPITAL

RANKING

The Offer Shares are ordinary shares in the share capital of our Company and will rank *pari passu* in all respects with all Shares in issue or to be issued as set out in the above table, and will qualify and rank equally for all dividends or other distributions declared, made or paid after the date of this prospectus, save for entitlements under the Capitalisation Issue.

CAPITALISATION ISSUE

Pursuant to the resolutions of our Shareholders passed on 23 January 2018, subject to the share premium account of our Company being credited as a result of the issue of the Shares pursuant to the Share Offer, our Directors are authorised to allot and issue a total of 278,989,000 Shares credited as fully paid at par to the holders of Shares on the register of members of our Company at the close of business on 23 January 2018 (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalisation of the sum of HK\$2,789,890 standing to the credit of the share premium account of our Company, and our Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Share Offer becomes unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares not exceeding:

- (a) 20% of the aggregate number of issued Shares of our Company immediately following the completion of the Share Offer and the Capitalisation Issue, excluding any Share which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme; and
- (b) the total number of issued Shares repurchased by us under the mandate as mentioned in the paragraph headed “General mandate to repurchase Shares” below.

The general mandate is in addition to the powers of our Directors to allot, issue or deal with Shares under any rights issue, scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend in accordance with our Articles of Association, or pursuant to the exercise of any subscription rights attached to any warrants which may be issued by us from time to time, or the Capitalisation Issue. The general mandate does not include any Share which may be issued pursuant to or the exercise of the Offer Size Adjustment Option and any option which may be granted under the Share Option Scheme.

This general mandate to issue Shares will remain in effect until the earliest of:

- the conclusion of our Company’s next annual general meeting;

SHARE CAPITAL

- the expiration of the period within which our Company is required by any applicable laws of the Cayman Islands or our Articles of Association to hold its next annual general meeting; or
- the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate.

Particulars of this general mandate to allot, issue and deal with Shares are set out under the paragraph headed “A. Further information about our Company and our subsidiaries — 3. Written resolutions of our Shareholders” in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions stated in the section headed “Structure and conditions of the Share Offer” of this prospectus, our Directors have been granted a general mandate to exercise all our powers to repurchase Shares of not more than 10% of the aggregate number of issued Shares of our Company immediately following the completion of the Capitalisation Issue and the Share Offer, excluding any Share which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme.

This mandate to repurchase Shares only relates to repurchases made on the Stock Exchange, or any other exchange on which our Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), which are made in accordance with all applicable laws and requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the paragraph headed “A. Further information about our Company and our subsidiaries — 6. Repurchase of our own securities” in Appendix IV to this prospectus.

This general mandate to repurchase Shares will remain in effect until the earliest of:

- the conclusion of the next annual general meeting of our Company; or
- the expiration of the period within which our Company’s next annual general meeting is required to be held by the Articles or the Companies Law or any other applicable laws of the Cayman Islands; or
- the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate.

For further details of this general mandate to repurchase shares, please refer to the paragraph headed “A. Further information about our Company and our subsidiaries — 3. Written resolutions of our Shareholders” in Appendix IV to this prospectus.

SHARE CAPITAL

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

The circumstances under which general meeting and class meeting are required are provided in our Articles of Association, summary of which is set out in the section headed “Summary of the constitution of our Company and Cayman Islands Company Law” in Appendix III to this prospectus.

THE SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised in the paragraph headed “D. Share Option Scheme” in Appendix IV to this prospectus.

FINANCIAL INFORMATION

You should read this section in conjunction with our Group’s audited combined financial information, including the notes thereto, as set out in the Accountants’ Report set out in Appendix I to this prospectus (the “Combined Financial Information”). Our Group’s Combined Financial Information has been prepared in accordance with HKFRSs. You should read the entire Accountants’ Report and not merely rely on the information contained in this section.

The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Group in light of our Group’s experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Group’s expectations and projections depend on a number of risks and uncertainties over which our Group does not have control. For further information, see the section headed “Risk factors” in this prospectus.

OVERVIEW

Founded in 2004, our Group is an established construction contractor in Hong Kong, principally engaged in subcontracting works as a subcontractor providing RMAA services and building construction services.

Our RMAA services include general upkeep, restoration and improvement of existing facilities and components of buildings and their surroundings; and our building construction services primarily consist of building works and site coordination for new buildings such as hospital blocks, walkways and soccer field.

BASIS OF PRESENTATION

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands under the laws of the Cayman Islands on 4 July 2017. Through a corporate reorganisation as further explained in the section headed “History, corporate structure and Reorganisation — Reorganisation” in this prospectus (the “**Reorganisation**”), on 23 January 2018, our Company became the holding company of the subsidiaries now comprising our Group (collectively the “**Operating Companies**”).

Immediately prior to and after the Reorganisation, the business of our Group (“**Our Business**”) has been conducted by the Operating Companies. Pursuant to the Reorganisation, Our Business transferred to and held by our Company. The Reorganisation is merely a reorganisation of the members of our Group with no change in management of such business and the ultimate owners of Our Business remain the same. Accordingly, the combined financial information of the subsidiaries now comprising our Group is presented using the carrying values of Our Business for all periods presented. For the purpose of this report, the Financial Information has been prepared on

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a basis in accordance with the principles of the Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” 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 of our Group have been prepared as if our Group structure upon completion of the Reorganisation had been in existence throughout the Track Record Period, or since their dates of incorporation, where there is a shorter period.

FACTORS AFFECTING THE RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our financial condition and results of operations have been, and will continue to be, affected by a number of factors, including those set out below and in the section headed “Risk factors” in this prospectus.

Market demand

Our results are affected by the number and availability of projects in Hong Kong, which in turn are affected by a number of factors, including but not limited to the general economic conditions in Hong Kong, changes in existing laws, regulations and the Hong Kong Government policies related to the Hong Kong construction industry, and the amount of investment to be devoted in the construction of new infrastructure and improvement of existing infrastructure. The changes may increase or decrease the demand for our services.

In addition, for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, we derived a substantial part of our total revenue from public sector projects. Public RMAA and building construction services projects are non-recurring in nature and thus the level of the Hong Kong Governments spending budget may change from year to year.

There is no guarantee that the number of public RMAA and building construction services projects will not decrease in the future. In the event that the demand of RMAA and building construction services decreases as a result of the reduction in the number of construction projects in Hong Kong, which intuitively our profitability and financial performance may be adversely and materially affected. In addition, our projects are one-off projects which are not recurring in nature. There is no guarantee that our customers will provide us with new contracts or that we will secure new customers.

Availability and performance of our subcontractors

We may engage our subcontractors to perform site work. Subcontracting costs are mainly affected by the complexity of the projects and changes in wages. For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, subcontracting costs incurred by us

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amounted to approximately HK\$117.4 million, HK\$236.6 million and HK\$50.5 million, respectively. Any substantial increase in subcontracting costs incurred by us in the future may have a significant impact on the gross profit margin.

Accuracy of our estimation and control of the costs of projects

During the Track Record Period, our revenue was mainly derived from fixed-price contracts. We need to estimate the time and costs involved in a project in order to determine the quotation. We may fail to accurately estimate the costs to complete a project. The actual amount of total costs incurred in completing a project may be adversely affected by many factors, including adverse weather conditions, accidents, unforeseen site conditions and fluctuations in the price of materials and subcontracting fee, which may result in material deviation in the actual time and resources spent from initial estimation.

For most of our projects, a defect liability period, which is generally 12 months, is usually imposed by our customers. During the defect liability period, we are generally responsible for, at our own expense, rectifying any defects of works carried out by us. Any rectifications for material defects carried out by us could lead to additional costs being incurred, which may result in cost overrun, and thus the profitability of the projects may be reduced or we may even incur losses on the projects.

If the costs for a project exceed the contracted price or we have to carry out any rectifications for material defects during the defect liability period of the projects, we may incur losses, which could materially and adversely affect our financial condition and results of operations.

Timing of collection of our trade receivables and retention monies receivables

Customers are generally entitled to hold up a portion of progress payment to secure the due performance of our Group. During the Track Record Period, public and private customers generally hold up to a maximum of 10% of the awarded contract sum as retention money. Our liaison with our customers on the rectification of any defects with contract works and potential dispute that may arise will affect the timing and amount of the release of the retention money. There can be no assurance that such retention money will be released by our customers to us on a timely basis and in full upon expiry of the defect liability period.

In addition, we generally allow a credit period of 30 days to our customers. Should we fail in recovering payments from our customers to us on time and in full, our liquidity and financial position would be adversely and materially impacted.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Details of the principal accounting policies applied in the preparation of our financial information are set out in the Accountants' Report contained in Appendix I to this prospectus.

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The preparation of our financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires our management to exercise judgement in the process of applying the accounting policies of our Group. 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.

The following paragraph summarise the critical accounting policies and estimated applied in the preparation of our Group's financial information during the Track Record Period.

Revenue recognition

Revenue from construction contracts including provision of building construction services and RMAA services is recognised on the percentage of completion method.

Where 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 each reporting period, measured by reference to the certified value of work carried to date as a percentage of total contract value. Variations in contract work are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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.

Our Group has assessed that our contracts with customers fulfil the criteria for recognising revenue over time under HKFRS 15. Two methods that can be used under HKFRS 15 to measure our Group's progress towards complete satisfaction of a performance obligation satisfied over time, including output method and input method. In measuring the work progress under HKFRS 15, our Group considers that the output method with reference to payment certificates issued by customers would appropriately depict the transfer of control of goods or services to customers for individual projects under HKFRS 15. So far as the measurement of progress for our Group's typical contracts is concerned, based on the assessment performed, our Directors do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the consolidated financial statements of our Group in the future. However, our Directors anticipate that the application of HKFRS 15 in the future may result in more disclosures based on the existing business model of our Group as at 31 July 2017.

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Plant and equipment

Plant and equipment are stated in the combined statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation' as reported in the combined statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the historical financial information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Such deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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RESULTS OF OPERATIONS

The following table sets out our Group's combined statements of profit or loss and other comprehensive income during the Track Record Period. The selected financial information from our combined statements of profit or loss and other comprehensive income during the Track Record Period is extracted from the Accountants' Report included in Appendix I to this prospectus, and should be read in conjunction with the Accountants' Report set forth in Appendix I to this prospectus.

	For the year ended 31 March		For the four months ended 31 July	
	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Revenue	255,997	430,524	114,218	97,223
Cost of services	<u>(239,553)</u>	<u>(398,509)</u>	<u>(106,674)</u>	<u>(89,659)</u>
Gross profit	16,444	32,015	7,544	7,564
Other income and gains	1,829	1,869	583	72
Administrative expenses	(4,681)	(5,816)	(1,532)	(2,478)
Listing expenses	—	—	—	(3,580)
Finance costs	<u>(83)</u>	<u>(76)</u>	<u>(32)</u>	<u>(47)</u>
Profit before taxation	13,509	27,992	6,563	1,531
Income tax expense	<u>(2,129)</u>	<u>(4,366)</u>	<u>(990)</u>	<u>(825)</u>
Profit and total comprehensive income for the year/period	<u><u>11,380</u></u>	<u><u>23,626</u></u>	<u><u>5,573</u></u>	<u><u>706</u></u>

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Revenue

Our revenue amounted to approximately HK\$256.0 million, HK\$430.5 million and HK\$97.2 million for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017 respectively. The following table sets forth breakdowns of our revenue by dominating type of services provided in our projects during the Track Record Period:

	For the year ended 31 March				For the four months ended 31 July			
	2016		2017		2016		2017	
	HK\$'000	% of total revenue	HK\$'000	% of total revenue	HK\$'000	% of total revenue	HK\$'000	% of total revenue
	(unaudited)							
RMAA services	206,745	80.8	379,571	88.2	97,903	85.7	82,406	84.8
Building construction services	49,252	19.2	50,953	11.8	16,315	14.3	14,817	15.2
Total	<u>255,997</u>	<u>100.0</u>	<u>430,524</u>	<u>100.0</u>	<u>114,218</u>	<u>100.0</u>	<u>97,223</u>	<u>100.0</u>

Revenue derived from the provision of RMAA services was approximately HK\$206.7 million, HK\$379.6 million and HK\$82.4 million for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively, representing approximately 80.8%, 88.2% and 84.8% of our Group's total revenue for the corresponding year/period.

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During the Track Record Period and up to the Latest Practicable Date, we had completed 40 projects, which consisted of 37 RMAA services projects and three building construction services projects. The table below sets forth details of our projects completed during the Track Record Period and up to the Latest Practicable Date.

Project code	Public or private sector	Particulars and location of project	Nature of the building	Main category of works	Project period	Awarded contract sum HK\$'000	Revenue recognised for the year ended 31 March		Revenue recognised for the four months ended 31 July 2017 HK\$'000	Total revenue recognised during the Track Record Period HK\$'000
							2016 HK\$'000	2017 HK\$'000		
During the Track Record Period										
Completed projects with awarded contract sum of more than HK\$3.0 million each:										
R1	Public	Design and build contract of minor works to Hong Kong Government and subvented properties	Government	RMAA services	February 2009 – December 2016	72,500	9,656	16,283	—	25,939
R2	Public	RMAA services of toilets in NT east	Toilets	RMAA services	September 2009 – March 2017	51,112	1,346	2,056	384	3,786
C1	Public	Construction of a new soccer field, rugby pitch and jogging trail in NT west	Sportsground	Building construction services	August 2012 – March 2017	124,979	9,620	2,132	—	11,752
R3	Private	Design, supply and installation of shop front, aluminium cladding and glass wall of a shopping mall	Commercial	RMAA services	August 2013 – June 2016	11,648	4,030	3,008	—	7,038
R4	Public	Refurbishment of ceiling and lighting of two railway stations	Transportation	RMAA services	February 2014 – November 2016	13,800	2,849	413	—	3,262
C2	Public	Design and build of temporary shelter	Transportation	Building construction services	April 2015 – June 2015	3,215	2,451	—	—	2,451
R5	Public	Establishment of high voltage testing plant and facilities of a depot	Industrial	RMAA services	May 2015 – September 2015	3,080	2,840	240	—	3,080
R6	Private	Design, supply and installation of curtain wall system and window wall system in NT west	Commercial	RMAA services	September 2015 – January 2017	18,345	9,009	16,225	—	25,234 (Note 1)
R7	Public	Refurbishment of toilets and pipe works of railway stations	Transportation	RMAA services	November 2015 – November 2016	7,980	2,782	5,114	—	7,896
R8	Private	Alteration and addition works for the development of a new hotel	Commercial	RMAA services	December 2015 – July 2017	17,979	9,503	3,913	—	13,416
R9	Public	Improvement works of train crew office	Transportation	RMAA services	May 2016 – April 2017	4,417	—	4,052	281	4,333
25 other completed projects with awarded contract sum of less than HK\$3.0 million each						12,850	3,526	9,778	2,993	16,297 (Note 1)
After the Track Record Period and up to the Latest Practicable Date										
Completed projects with awarded contract sum of more than HK\$3.0 million each:										
A1	Public	Construction of a new promenade	Park	Building construction services	February 2013 – September 2017	151,471	6,823	1,115	—	7,938
A2	Public	RMAA services for aided schools on Hong Kong Island and in Kowloon east	Educational	RMAA services	April 2013 – November 2017	92,780	18,743	7,806	—	26,549
A4	Public	Minor works for Hong Kong Government properties in NT west	Government	RMAA services	April 2014 – December 2017	205,700	100,318	85,815	16,884	203,017
A13	Public	Provision of redecoration and repair works to the sports complex of a university	Educational	RMAA services	June 2017 – October 2017	6,477	—	—	3,729	3,729
All completed projects						798,333	183,496	157,950	24,271	365,717

Note:

- The revenue recognised was larger than the awarded contract sum due to revenue recognised for the variation orders pursuant to the contract with our customer.

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For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, aggregate revenue generated from our major contracts completed with awarded contract sum over HK\$3.0 million were approximately HK\$180.0 million, HK\$148.2 million and HK\$21.3 million, respectively, which together accounted for approximately 44.6% of our total revenue for the Track Record Period.

Revenue derived from the provision of building construction services was approximately HK\$49.3 million, HK\$51.0 million and HK\$14.8 million for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively, representing approximately 19.2%, 11.8% and 15.2% of our Group's total revenue for the corresponding year/period.

The follow table sets forth a breakdown of our revenue by sectors during the Track Record Period:

	For the year ended 31 March				For the four months ended 31 July			
	2016		2017		2016		2017	
	HK\$'000	% of total revenue	HK\$'000	% of total revenue	HK\$'000 (unaudited)	% of total revenue	HK\$'000	% of total revenue
Public sector projects	236,462	92.4	409,202	95.0	98,851	86.5	95,535	98.3
Private sector projects	19,535	7.6	21,322	5.0	15,367	13.5	1,688	1.7
Total	255,997	100.0	430,524	100.0	114,218	100.0	97,223	100.0

Revenue generated from the provision of construction services is generally recognised based on the stage of completion of the projects, provided that the stage of completion and the gross billing value of the projects can be measured reliably. Progress billing is made according to the stage of completion of projects by reference to the value of work as reviewed and approved by the customers. Generally, the stage of completion of a project is established by reference to the certified value of work carried to date as a percentage of total contract value. Upon issuance of such certificates, the progress revenue is billed to customers and then become payable by customers, and the progress revenue is accounted for as receivables.

Payment certificates issued by our customers do not necessarily cover period exactly up to the reporting dates. In case the payment certificate for an on-going project covers two consecutive financial periods, it is our practice that we apportion the revenue to be recognised in a particular financial period based on number of days in the corresponding financial period as specified in the payment certificates. Base on such quantification method, the potential adjustment to the revenue recognised is not material.

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The following tables set forth details of our projects in progress as at the Latest Practicable Date:

Project code	Public or private sector	Particulars of project	Nature of building	Main category of works	Expected project period	Awarded contract sum	Revenue recognised for the year ended 31 March		Revenue recognised for the four months ended 31 July 2017	Total revenue recognised during the Track Record Period	Revenue expected to be recognised for the year ending 31 March (Note 2)		Revenue expected to be recognised thereafter (Note 2)
							2016	2017			2018	2019	
							HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Projects in progress as at the Latest Practicable Date with awarded contract sum of more than HK\$3.0 million:													
A3	Public	Minor and electrical works for Hong Kong Government and subvented properties in several districts of Hong Kong Island and NT west	Government	RMAA services	December 2013 – February 2018	73,480	42,144	41,674	10,240	94,058 (Note 1)	31,997	—	—
A5	Public	Design and build for Hong Kong Government and subvented properties	Government	RMAA services	April 2015 – March 2018	35,000	—	2,919	6,694	9,613	10,971	14,110	7,000
A6	Public	Refurbishment and conversion of a hospital	Government	Building construction services	June 2015 – February 2019	166,917	30,357	42,584	7,370	80,311	37,069	65,626	—
A7	Public	Maintenance and repair work for a hospital	Medical	RMAA services	October 2015 – September 2018	154,939	—	21,626	9,701	31,327	29,244	104,275	—
A8	Public	RMAA services of all aided schools at NT east	Educational	RMAA services	April 2016 – December 2019	435,520	—	108,778	17,382	126,160	120,119	144,143	62,480
A9	Public	RMAA services of all aided schools at NT west	Educational	RMAA services	April 2016 – December 2019	264,452	—	49,872	10,811	60,683	45,669	54,803	114,109
A10	Public	Superstructure and external works in relation to construction of two 6-storey columbarium blocks, demolition of staff quarters and road enhancement works	Columbarium	Building construction services	December 2016 – May 2019	285,961	—	5,121	7,447	12,568	14,466	222,807	43,567
A11	Public	Maintenance and repair work for Hong Kong Government properties on Hong Kong Island	Government	RMAA services	April 2017 – March 2021	320,000	—	—	589	589	40,975	80,000	199,025
A12	Public	Maintenance and repair work for Hong Kong Government properties at NT east and outlying islands	Government	RMAA services	April 2017 – March 2021	615,100	—	—	1,946	1,946	80,000	144,000	391,100
A14	Public	RMAA services of a school at NT east	Educational	RMAA services	December 2017 – March 2018	5,820	—	—	—	—	4,365	1,455	—
A15	Public	Wide gate installation of railway station	Transportation	RMAA services	November 2017 – November 2018	3,750	—	—	—	—	—	3,750	—
Four other project in progress with awarded contract sum of less than HK\$3.0 million each						3,148	—	—	772	772	2,912	237	—
All projects in progress as at the Latest Practicable Date						<u>2,364,087</u>	<u>72,501</u>	<u>272,574</u>	<u>72,952</u>	<u>418,027</u>	<u>417,787</u>	<u>835,206</u>	<u>817,281</u>

Note:

1. The revenue recognised for project A3 during the Track Record Period was larger than the awarded contract sum is due to revenue recognised for the variation orders pursuant to the contract with our customer.
2. The total revenue expected to be recognised for the years ending 31 March 2018 and 2019 and thereafter was based on the following principal assumptions:
 - (i) there will be no significant changes in the existing political, legal, market or economic conditions in Hong Kong, including changes in legislations, regulations, policies or rules, which may have a material adverse effect on our business or operations;
 - (ii) there will be no material changes in the bases or rates of taxation, both direct and indirect, in Hong Kong;

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- (iii) there will be no material changes in inflation rate or foreign currency exchange rates in Hong Kong from those prevailing as at the date of this prospectus;
- (iv) major contracts on the hands will not be cancelled, nor will the actual construction costs vary significantly from the signed contracts or the budget in any way that is more significant than historical experience;
- (v) there will be no material disputes with our customers;
- (vi) our operations and business will not be materially affected or interrupted by any force majeure events or other unforeseeable factors or any unforeseeable reasons that are beyond the control of our Directors, including natural disasters or catastrophes, epidemics or serious accidents;
- (vii) our operations and financial performance will not be materially and adversely affected by any of the risk factors as set out in the section headed “Risk factors” in this prospectus;
- (viii) we will be able to retain our key management and personnel during the years ending 31 March 2018 and 2019 and thereafter;
- (ix) there will be no changes in the existing accounting policies from those adopted in the preparation of our financial information in the Track Record Period;
- (x) there will be no disagreement from relevant authorities in our licences and qualifications retention process;
- (xi) all projects will be completed according to the budgeted time frame;
- (xii) there will not be material deterioration in the financing standing of our customers, suppliers and sub-contractors;
- (xiii) there will not be material changes in the physical condition of our assets (in particular, our machineries);
- (xiv) there will be no occurrences such as labour shortages, labour disputes or interruptions in the supply of third-party services, equipment, fuel, other materials or supplies that would adversely affect our operations;
- (xv) we will continue to be able to recruit sufficient qualified personnel to achieve our planned expansion and will at all times have a staffing level that will be sufficient for our operational requirements;
- (xvi) the accounting policies to be adopted by us will be consistent in all material aspects with those accounting policies adopted in the Accountants’ Reports in Appendix I to this prospectus and the adoption of “HKFRS 15 — Revenue from Contracts with Customers” does not have a material impact to our Group;

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(xvii) there will not be material fluctuations in the financial markets and capital markets (including the increase or decrease in the interest rates for bank borrowings) generally; and

(xviii) the relevant contract owner, our customers and us will be able to continually obtain adequate financial resources and operate as a going concern in the foreseeable future.

During the Track Record Period, aggregate revenue generated from our major contracts in progress with awarded contract sum over HK\$3.0 million were approximately HK\$72.5 million, HK\$272.6 million and HK\$72.2 million, respectively, which together accounted for approximately 53.2% of our total revenue for the Track Record Period.

Cost of services

The following table sets out a summary of cost of services during the Track Record Period:

	For the year ended 31 March				For the four months ended 31 July			
	2016		2017		2016		2017	
	HK\$'000	%	HK\$'000	%	(unaudited)			
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Direct labour costs	20,371	8.5	23,394	5.9	6,009	5.6	7,117	7.9
Management fee	27,392	11.4	50,563	12.7	11,973	11.2	12,386	13.8
Material costs	54,801	22.9	60,686	15.2	22,482	21.1	13,517	15.1
Subcontracting costs	117,376	49.0	236,556	59.4	59,625	55.9	50,471	56.3
Other costs (<i>Note</i>)	19,613	8.2	27,310	6.8	6,585	6.2	6,168	6.9
Total	239,553	100.0	398,509	100.0	106,674	100.0	89,659	100.0

Note: Other costs mainly represents insurance costs, consultancy fee, inspection fee, machinery rental expense and supervision fee.

Management fee mainly represents project management and administration fee charged by our customers, which is payable by us in respect of provision of project management personnel by our customers such as contract manager, quantity surveying manager and safety officer, and may also cover liaison work with contract owners. Such management fee is mutually agreed between us and our customers and is based on a certain percentage of 5% to 42% of the awarded contract sum as stated in the relevant contracts, which is determined with reference to types and experience of personnel required for each project. According to the F&S Report, it is not uncommon in the Hong Kong construction industry for main contractors to charge its subcontractors certain management fee like that charged by our customers. Details of our management fee mainly represents project

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management and administration fee charged by our customers during the Track Record Period are set out below:

Customer	Project code	For the year ended 31 March		For the four months ended 31 July	
		2016	2017	2016	2017
		HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Citylink Design and Build Limited	R1	2,798	4,068	2,233	342
G&E Engineering Limited	R8, Others	442	100	85	4
HLT Construction Co., Ltd	A9	—	11,331	—	2,028
Pacific Extend	A3, A4, A8	23,494	33,431	9,069	8,056
Woon Lee Construction Co., Ltd	R4, R5, R7, R9, Others	406	506	190	14
Customer F	R2, A5, Others	252	1,127	396	1,847
Customer H	A11	—	—	—	95
Total		<u>27,392</u>	<u>50,563</u>	<u>11,973</u>	<u>12,386</u>

The following table sets out the breakdown of our material costs of the Group during the Track Record Period:

	For the year ended 31 March				For the four months ended 31 July			
	2016		2017		2016		2017	
	Percentage of total material costs (%)	Percentage of total material costs (%)	Percentage of total material costs (%)	Percentage of total material costs (%)	Percentage of total material costs (%)	Percentage of total material costs (%)	Percentage of total material costs (%)	Percentage of total material costs (%)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)							
Steel	19,993	36.5	23,909	39.4	9,480	42.2	3,402	25.2
Aluminium	5,328	9.7	4,192	6.9	2,720	12.1	159	1.2
Wood	3,087	5.6	5,180	8.5	1,295	5.8	1,732	12.8
Plaster	5,216	9.5	10,908	18.0	3,232	14.4	2,630	19.5
Tile	8,492	15.5	3,361	5.5	1,629	7.2	1,421	10.5
Sanitary ware	2,814	5.1	4,275	7.0	1,449	6.4	1,942	14.3
Glass	2,367	4.3	340	0.6	44	0.2	202	1.5
Roofing and waterproofing materials	815	1.5	829	1.4	282	1.3	345	2.6
Others (<i>Note</i>)	6,689	12.3	7,692	12.7	2,351	10.4	1,684	12.4
Total	<u>54,801</u>	<u>100.0</u>	<u>60,686</u>	<u>100.0</u>	<u>22,482</u>	<u>100.0</u>	<u>13,517</u>	<u>100.0</u>

Note: Others mainly represents tools and consumables.

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Total material costs mainly include cost of steel, tile, roofing and waterproofing materials, aluminium and plaster. Total material costs have increased by approximately HK\$5.9 million or 10.8%, from approximately HK\$54.8 million for the year ended 31 March 2016 to approximately HK\$60.7 million for the year ended 31 March 2017, mainly attributable to increases in the aggregate cost for steel, wood, plaster, and sanitary ware with the total amount of approximately HK\$13.2 million, and partially offset by decreases in the aggregate cost for aluminium, tile, and glass with the total amount of approximately HK\$8.3 million.

Total material costs have decreased by approximately HK\$9.0 million or 40.0%, from approximately HK\$22.5 million for the four months ended 31 July 2016 to approximately HK\$13.5 million for the four months ended 31 July 2017, mainly attributable to decreases in the aggregate cost for steel and aluminium with total amount of approximately HK\$8.6 million.

Total cost of services primarily consists of (i) subcontracting costs; (ii) material costs; (iii) management fee; and (iv) direct labour costs. Our cost of services increased by approximately HK\$158.9 million or 66.3%, from approximately HK\$239.6 million for the year ended 31 March 2016 to approximately HK\$398.5 million for the year ended 31 March 2017. Our cost of services decreased by approximately HK\$17.0 million or 15.9%, from approximately HK\$106.7 million for the four months ended 31 July 2016 to approximately HK\$89.7 million for the four months ended 31 July 2017. The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our Group's total cost of services on our Group's profits during the Track Record Period. The hypothetical fluctuation rates are set at 5% which is considered reasonable for the purpose of this sensitivity analysis:

	For the year ended		For the four months ended		For the four
	31 March		31 July		months ended
	2016	2017	2016	2017	31 July taking
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	out Listing
			(unaudited)		expense
					2017
					HK\$'000
If the total cost of services had been 5% higher/lower					
Decrease/increase in profit before taxation	11,978	19,925	5,334	4,483	4,483
Percentage decrease/increase in profit before taxation	88.7%	71.2%	81.3%	292.8%	87.7%
Decrease/increase in net profit	10,002	16,637	4,454	3,743	3,743
Percentage decrease/increase in net profit	87.9%	70.4%	79.9%	530.2%	87.3%

For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, if the total cost of services increased by approximately 5.6%, approximately 7.0% and approximately 1.7% respectively, assuming all other costs, expenses and income remain unchanged, our Group would achieve breakeven.

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(i) *Subcontracting costs*

For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, our subcontracting costs amounted to approximately HK\$117.4 million, HK\$236.6 million and HK\$50.5 million, respectively, representing approximately 49.0%, 59.4% and 56.3% of our cost of services, respectively. Subcontracting costs represent direct fees paid and payable to subcontractors. We charged our subcontractors management fee of approximately 15% of the contract sum with our subcontractors and the management fee is payable by them on a monthly basis. During the Track Record Period, works that we delegated to our subcontractors were generally labour intensive or required specific skillset. The level of subcontracting costs incurred by our Group in any given financial period were influenced by factors such as the number of projects in progress at any given point of time; the work schedule of each project; and the size and complexity of each project. Please refer to the section headed “Business — Suppliers — Basis of selecting subcontractors” in this prospectus for further details about our subcontractors. The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our Group’s subcontracting costs on our Group’s profits during the Track Record Period. The hypothetical fluctuation rates are set at 5% which is considered reasonable for the purpose of this sensitivity analysis:

	For the year ended		For the four months ended		For the four
	31 March		31 July		months ended
	2016	2017	2016	2017	31 July taking
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	out Listing
					expense
			(unaudited)		2017
If the subcontracting costs had been 5% higher/lower					
Decrease/increase in profit before taxation	5,869	11,828	2,981	2,524	2,524
Percentage decrease/increase in profit before taxation	43.4%	42.3%	45.4%	164.8%	49.4%
Decrease/increase in net profit	4,901	9,876	2,490	2,108	2,108
Percentage decrease/increase in net profit	43.1%	41.8%	44.7%	298.5%	49.2%

For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, if the subcontracting costs increased by approximately 11.5%, 11.8% and 3.0% respectively, assuming all other costs, expenses and income remain unchanged, our Group would achieve breakeven.

(ii) *Material costs*

For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, our material costs amounted to approximately HK\$54.8 million, HK\$60.7 million and HK\$13.5 million respectively, representing approximately 22.9%, 15.2% and 15.1% of our cost of services, respectively. Material costs mainly represent costs of raw material consumed in the course of our project undertakings including but not limited to steel, wooden door and glass. The material costs

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incurred for a particular contract varies from project to project depending on the nature and size of our project. The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our Group's material costs on our Group's profits during the Track Record Period. The hypothetical fluctuation rates are set at 5% which is considered reasonable for the purpose of this sensitivity analysis:

	For the year ended 31 March		For the four months ended 31 July		For the four months ended 31 July taking out Listing expense
	2016	2017	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)		
If the materials costs had been 5% higher/lower					
Decrease/increase in profit before taxation	2,740	3,034	1,124	676	676
Percentage decrease/increase in profit before taxation	20.3%	10.8%	17.1%	44.1%	13.2%
Decrease/increase in net profit	2,288	2,533	939	564	564
Percentage decrease/increase in net profit	20.1%	10.7%	16.8%	79.9%	13.2%

For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, if the material costs increased by approximately 24.7%, 46.1% and 11.3% respectively, assuming all other costs, expenses and income remain unchanged, our Group would achieve breakeven.

Given that the construction materials are usually delivered by our suppliers to our project sites directly for immediate consumption, we generally do not stock up any excess inventory of construction materials at our project sites. Due to the limitation of the storage in the field work, our project managers are responsible for the overall scheduling of orders and deliveries of the materials, so as to match materials deliveries with the project's requirements. As such, our Group did not have any significant amount of uninstalled materials as at the end of each reporting period. Therefore, the financial impact of the uninstalled materials in the application of HKFRS 15 is considered to be insignificant.

(iii) *Direct labour costs*

For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, our direct labour costs amounted to approximately HK\$20.4 million, HK\$23.4 million and HK\$7.1 million respectively, representing approximately 8.5%, 5.9% and 7.9% of our cost of services, respectively. Direct labour costs represent compensation and benefits provided to the staff of our Group's project team and direct workers who are directly involved in the provision of our Group's services. The labour costs incurred for a particular contract varies from project to project depending on the nature and size of our project, and is mainly driven by factors such as man and machine hours incurred; the construction site condition; and the size and complexity of the projects

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undertaken. The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our Group's direct labour costs on our Group's profits during the Track Record Period. The hypothetical fluctuation rates are set at 5% which is considered reasonable for the purpose of this sensitivity analysis:

	For the year ended 31 March		For the four months ended 31 July		For the four months ended 31 July taking out Listing expense
	2016	2017	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000	HK\$'000
If the direct labour costs had been 5% higher/lower					
Decrease/increase in profit before taxation	1,019	1,170	300	356	356
Percentage decrease/increase in profit before taxation	7.5%	4.2%	4.6%	23.3%	7.0%
Decrease/increase in net profit	851	977	251	297	297
Percentage decrease/increase in net profit	7.5%	4.1%	4.5%	42.1%	6.9%

For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, if the direct labour costs increased by approximately 66.3%, 119.7% and 21.5% respectively, assuming all other costs, expenses and income remain unchanged, our Group would achieve breakeven.

Contra charges

As confirmed by our Directors, it is common in the industry that a main contractor may pay on behalf of its subcontractors for certain expenses for a project. Such expenses are typically deducted from its payments to the relevant subcontractors in settling its service fees for the project. Such payment arrangement is referred to as "contra charge arrangement" and the amounts involved are referred to as the "contra charges".

During the Track Record Period, we had contra charge arrangement with some of our customers. Such contra charge generally included purchase cost of materials, service fees and other miscellaneous expenses.

During the Track Record Period, some of our projects were under contra charge arrangement. Pursuant to the contra charge arrangement set out in the relevant contract, our customer may purchase materials and make payments on our behalf. Such purchase cost of materials is settled by way of contra charge to the account with such customer. Effectively, the payments due to us from our customers will be settled after netting off such contra charge amounts.

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For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, our contra charges incurred amounted to approximately HK\$3.9 million, HK\$20.3 million and HK\$6.2 million respectively, representing approximately 1.6%, 5.1% and 6.9% of our total costs of services for the same period respectively. During the Track Record Period, as confirmed by our Directors, we had no material dispute with our customers as regards the contra charge arrangement and the contra charge amounts involved. In addition, as we settled the contra charges by netting off with the payments due from our customers, both cash inflows from the project work done and cash outflows from the purchase of materials or the payment on miscellaneous expenses were reduced by the same amount. Therefore, the contra charge arrangement also had no material impact on our cashflow positions during the Track Record Period.

No sensitivity analysis has been presented for contra charges for the foregoing reason and also because both the specification and amount involved of the contract cost component subject to contra charge arrangement were pre-agreed at the contract inception stage and, as such, is normally not subject to fluctuations during the course of contract work performances.

Gross profit and gross profit margin

Our gross profit was approximately HK\$16.4 million, HK\$32.0 million and HK\$7.6 million for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively, while our overall gross profit margin remained stable ranging from approximately 6.4% to 7.8%. Our gross profit margin was mainly driven by our tender or quotation price of the projects which stemmed from various factors, such as (i) the nature, scope and complexity of the project; (ii) estimated direct cost to complete the project, including mainly those in relation to the type and amount of materials needed, direct labour costs and subcontracting costs; (iii) prevailing market conditions; and (iv) relationship with and background of our customers. The following table sets out a breakdown of gross profit and gross profit margin by types of services and sectors during the Track Record Period:

By types of services

	For the year ended 31 March				For the four months ended 31 July			
	2016		2017		2016		2017	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
RMAA services	10,441	5.1	25,833	6.8	5,578	5.7	5,712	6.9
Building construction services	6,003	12.2	6,182	12.1	1,966	12.1	1,852	12.5
Overall	16,444	6.4	32,015	7.4	7,544	6.6	7,564	7.8

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By sectors

	For the year ended 31 March				For the four months ended 31 July			
	2016		2017		2016		2017	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Public sector projects	14,497	6.1	29,975	7.3	6,122	6.2	7,408	7.8
Private sector projects	1,947	10.0	2,040	9.6	1,422	9.3	156	9.2
Overall	<u>16,444</u>	6.4	<u>32,015</u>	7.4	<u>7,544</u>	6.6	<u>7,564</u>	7.8

Other income and gains

Other income and gains mainly include (i) handling income which represents service fee for purchasing materials for subcontractors; (ii) safety reward received from our customer for maintaining certain safety standard in a project; and (iii) imputed interest income on amounts due from shareholders. The following table sets forth details of our Group's other income during the Track Record Period:

	For the year ended 31 March				For the four months ended 31 July			
	2016		2017		2016		2017	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)							
Gain on disposal of plant and equipment	—	—	63	3.4	63	10.8	23	31.9
Handling income	122	6.7	262	14.0	29	5.0	48	66.7
Safety reward	280	15.3	—	—	—	—	—	—
Imputed interest income on amounts due from shareholders	1,307	71.5	1,438	76.9	464	79.6	—	—
Others	120	6.5	106	5.7	27	4.6	1	1.4
Total other income and gains	<u>1,829</u>	<u>100.0</u>	<u>1,869</u>	<u>100.0</u>	<u>583</u>	<u>100.0</u>	<u>72</u>	<u>100.0</u>

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Administrative expenses

Our Group's administrative expenses mainly include auditor's remuneration, depreciation, staff costs recognised in administrative expenses (including directors' remuneration), rental expense, entertainment expenses, motor vehicles expenses, office expenses and other expenses. The following table sets out a breakdown of our administrative expenses during the Track Record Period:

	For the year ended 31 March				For the four months ended 31 July			
	2016		2017		2016		2017	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
					(unaudited)			
Auditor's remuneration	60	1.3	200	3.4	20	1.3	60	2.4
Depreciation	467	10.0	324	5.6	161	10.5	109	4.4
Staff costs recognised in administrative expenses (including directors' remuneration)	1,971	42.1	3,472	59.7	905	59.1	1,622	65.5
Rental expense	132	2.8	144	2.5	48	3.1	118	4.8
Entertainment expenses	265	5.7	434	7.5	120	7.8	185	7.5
Motor vehicles expenses	248	5.3	273	4.7	93	6.1	107	4.3
Office expenses	410	8.8	456	7.8	93	6.1	140	5.6
Other expenses (<i>Note</i>)	1,128	24.0	513	8.8	92	6.0	137	5.5
Total administrative expenses	4,681	100.0	5,816	100.0	1,532	100.0	2,478	100.0

Note: Other expenses mainly include business consultancy fee, insurance and sundry expenses.

Finance cost

Our finance cost which represents the interest on finance lease for our motor vehicles, was approximately HK\$83,000, HK\$76,000 and HK\$47,000 for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively.

Income tax

Hong Kong

Our Group's turnover during the Track Record Period was derived in Hong Kong and our Group was subject to profits tax in Hong Kong. Hong Kong profits tax is charged at a statutory rate of 16.5% of the estimated assessable profits for the Track Record Period. For more details, please see note 10 to the Accountant's Report set out in Appendix I to this prospectus.

Cayman Islands

We are not subject to Cayman Islands profit tax as we had no assessable income arising in or derived from the Cayman Islands during the Track Record Period.

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Save as disclosed in the paragraph headed “Business — Non-compliance” in this prospectus, during the Track Record Period and up to the Latest Practicable Date, as confirmed by our Directors, we had paid all relevant taxes applicable to us and did not have any dispute or issue with tax authorities which have had a material impact on our business, financial conditions or result of operation.

Net profit and net profit margin

Our Group’s net profit was approximately HK\$11.4 million, HK\$23.6 million and HK\$0.7 million for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively, which represented net profit margins of approximately 4.4%, 5.5% and 0.7%, respectively.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OUR OPERATION

Year ended 31 March 2016 compared to the year ended 31 March 2017

Revenue

Our overall revenue increased by approximately HK\$174.5 million or 68.2%, from approximately HK\$256.0 million for the year ended 31 March 2016 to approximately HK\$430.5 million for the year ended 31 March 2017. The increase in our revenue was mainly attributable to the provision of RMAA services.

(i) *RMAA services*

Our revenue derived from RMAA services increased by approximately HK\$172.9 million or 83.6%, from approximately HK\$206.7 million for the year ended 31 March 2016 to approximately HK\$379.6 million for the year ended 31 March 2017. The increase in revenue derived from RMAA services was mainly due to approximately HK\$108.8 million recognised from project A8 for over 160 aided schools in NT east, and approximately HK\$49.9 million recognised from project A9 for over 80 aided schools in NT west which commenced in April 2017.

(ii) *Building construction services*

Our revenue rendered from building construction services increased by approximately HK\$1.7 million or 3.4%, from approximately HK\$49.3 million for the year ended 31 March 2016 to approximately HK\$51.0 million for the year ended 31 March 2017. The increase in our revenue derived from the building construction services was mainly due to the increase in revenue recognised at an amount of approximately HK\$12.2 million for the year ended 31 March 2017 for project A6 for the refurbishment and conversion of hospital due to the start of the project period in June 2015 leading to less value of works certified for the year ended 31 March 2016, which was partially offset by the effect of the decrease in revenue recognised at an amount of approximately HK\$7.5 million for project C1 for construction of new soccer field, rugby pitch and jogging track due to the decrease in value of works certified close to project completion date for the year ended 31 March 2017.

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Cost of services

Our cost of services increased by approximately HK\$158.9 million or 66.3% from approximately HK\$239.6 million for the year ended 31 March 2016 to approximately HK\$398.5 million for the year ended 31 March 2017, which is in line with the increase in revenue for the year ended 31 March 2017 as compared to that for the year ended 31 March 2016. The increase in cost of services was mainly due to the (i) increase in subcontracting costs of approximately HK\$119.2 million during the year ended 31 March 2017 as a result of the increase in subcontracting arrangement in which materials were provided by our subcontractors; (ii) increase in management fee of approximately HK\$23.2 million mainly attributable to the management fee charged by our customers on total of four projects with two additional projects, being projects A8 and A9 which were commenced in April 2016 as compared to two projects for the year ended 31 March 2016; and (iii) the increase in material costs of approximately HK\$5.9 million mainly attributable to the (a) increase in cost of steel at an amount of approximately HK\$3.9 million for the year ended 31 March 2017 mainly for project A6 for refurbishment and conversion such as building a new lift tower for a hospital; (b) increase in cost of wood, plasters and sanitary ware at a total amount of approximately HK\$9.2 million for the year ended 31 March 2017 mainly for project A7 for the maintenance and repair work for a hospital, and partially offset by (c) the decrease in cost of aluminium and glass at a total amount of approximately HK\$3.2 million for the year ended 31 March 2017 mainly due to completion of project R6 for design, supply and installation of curtain wall system and window wall system in NT west, and (d) the decrease in cost of tile at an amount of approximately HK\$5.1 million for the year ended 31 March 2017 mainly for project A4 for minor works for Hong Kong Government properties such as repair of pot holes or pavement in NT west.

Gross profit and gross profit margin

Our overall gross profit increased by approximately HK\$15.6 million or approximately 95.1%, from approximately HK\$16.4 million for the year ended 31 March 2016 to approximately HK\$32.0 million for the year ended 31 March 2017. Such increase was mainly attributable to the increase in the gross profit margin of RMAA services from approximately 5.1% for the year ended 31 March 2016 to approximately 6.8% for the year ended 31 March 2017.

(a) By types of services

(i) RMAA services

Our gross profit margin for RMAA services was approximately 6.8% for the year ended 31 March 2017, as compared to approximately 5.1% for the year ended 31 March 2016. The increase was mainly due to relatively lower gross profit margin of approximately 3.0% charged to project A4, which contributed approximately 39.2% of the total revenue recognised for the year ended 31 March 2016, while project A4 contributed approximately 19.9% of the total revenue recognised for the year ended 31 March 2017. Project A4 recorded relatively

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lower gross profit margin mainly because this is the first RMAA project that we are the sole subcontractor responsible for a whole district and therefore we tendered this project with a lower budgeted gross profit margin.

(ii) Building construction services

Our gross profit margin for building construction services was approximately 12.1% for the year ended 31 March 2017, which is similar to approximately 12.2% for the year ended 31 March 2016.

(b) *By sectors*

(i) Public sector projects

Our gross profit margin for public sector projects was approximately 7.3% for the year ended 31 March 2017, as compared to approximately 6.1% for the year ended 31 March 2016. The increase was mainly due to increase in gross profit margin for RMAA services.

(ii) Private sector projects

Our gross profit margin for private sector projects was approximately 9.6% for the year ended 31 March 2017, as compared to approximately 10.0% for the year ended 31 March 2016. Our gross profit margin for private sector projects remained stable.

Other income and gains

Our other income increased by approximately HK\$40,000 or 2.2%, from approximately HK\$1.8 million for the year ended 31 March 2016 to approximately HK\$1.9 million for the year ended 31 March 2017. The increase was mainly due to the slight increases in handling income of approximately HK\$0.1 million and imputed interest income of approximately HK\$0.1 million, and partially offset by the safety reward of approximately HK\$0.3 million for the year ended 31 March 2016 for maintaining certain safety standard in a project.

Administrative expenses

Our Group's administrative expenses increased by approximately HK\$1.1 million or 23.4%, from approximately HK\$4.7 million for the year ended 31 March 2016 to approximately HK\$5.8 million for the year ended 31 March 2017. The higher administrative expenses for the year ended 31 March 2017 was mainly due to the increase of approximately HK\$1.5 million in staff costs recognised in administrative expenses (including directors' remuneration) for the increase in our administrative headcount and in directors' remuneration for the year ended 31 March 2017, and partially offset by the decrease in other expenses of approximately HK\$0.6 million principally resulted from the decrease in business consultancy fee.

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Finance costs

Our Group's finance costs decreased by approximately HK\$7,000 or 8.4% for the year ended 31 March 2017, which was mainly due to decrease in interest on finance lease as a result of settlement of the finance lease of three motor vehicles.

Income tax expenses

The income tax expenses increased by approximately HK\$2.3 million or 109.5%, from approximately HK\$2.1 million for the year ended 31 March 2016 to approximately HK\$4.4 million for the year ended 31 March 2017, which was in line with our increase in profit before income tax of approximately 107.0% as a result of the abovementioned reasons.

Our effective tax rate was approximately 15.8% and 15.6% for the years ended 31 March 2016 and 2017, respectively which was lower than the statutory tax rate of 16.5%, primarily due to the non-deductible expense of business consultancy services such as assisting the Group's reorganisation process provided by a company that is engaged in providing consultancy and company secretary services, of approximately HK\$0.8 million for the year ended 31 March 2016 and the non-taxable income of imputed interest income on amounts due from shareholders amounted to HK\$1.3 million and HK\$1.4 million for the years ended 31 March 2016 and 2017, respectively. Excluding the abovementioned, the effective tax rate would be approximately 16.4% for both years.

Net profit and net profit margin

Our Group's net profit increased by approximately HK\$12.2 million, or approximately 107.0% from approximately HK\$11.4 million for the year ended 31 March 2016 to approximately HK\$23.6 million for the year ended 31 March 2017. The corresponding net profit margin increased by approximately 1.1%, from approximately 4.4% for the year ended 31 March 2016 to approximately 5.5% for the year ended 31 March 2017. The increase was in line with the increase in gross profit and gross profit margin as mentioned in the paragraph headed "Gross profit and gross profit margin" in this section of the prospectus.

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Four months ended 31 July 2016 compared to the four months ended 31 July 2017

Revenue

Our overall revenue decreased by approximately HK\$17.0 million or 14.9%, from approximately HK\$114.2 million for the four months ended 31 July 2016 to approximately HK\$97.2 million for the four months ended 31 July 2017. The decrease in our revenue was mainly attributable to the provision of RMAA services.

(i) *RMAA services*

Our revenue derived from RMAA services decreased by approximately HK\$15.5 million or 15.8%, from approximately HK\$97.9 million for the four months ended 31 July 2016 to approximately HK\$82.4 million for the four months ended 31 July 2017. The decrease in revenue derived from RMAA services was mainly attributable to the decrease in revenue recognised for projects R1, R6 and R7 due to completion of these projects before 31 March 2017. Furthermore, projects A11 and A12 of total awarded contract sum of approximately HK\$935.1 million only commenced in April 2017 with relevant revenue recognised at an amount of approximately HK\$2.5 million for the four months ended 31 July 2017.

(ii) *Building construction services*

Our revenue rendered from building construction services decreased by approximately HK\$1.5 million or 9.2%, from approximately HK\$16.3 million for the four months ended 31 July 2016 to approximately HK\$14.8 million for the four months ended 31 July 2017. The decrease in our revenue derived from the building construction services was mainly due to the completion of project C1 in March 2017.

Cost of services

Our cost of services decreased by approximately HK\$17.0 million or 15.9% from approximately HK\$106.7 million for the four months ended 31 July 2016 to approximately HK\$89.7 million for the four months ended 31 July 2017, which is in line with the decrease in revenue for the four months ended 31 July 2017 as compared to that for the four months ended 31 July 2016. The decrease in cost of services was mainly due to the (i) decrease in subcontracting costs of approximately HK\$9.2 million during the four months ended 31 July 2017 as a result of completion of project R6 in January 2017; and (ii) decrease in materials costs of approximately HK\$9.0 million mainly attributable to reduction in use steel and aluminium for our projects due to completion of projects R1 and R7 in December 2016 and November 2016, respectively.

Gross profit and gross profit margin

Our overall gross profit increased slightly by approximately HK\$20,000 or 0.3%, from approximately HK\$7.5 million for the four months ended 31 July 2016 to approximately HK\$7.6 million for the four months ended 31 July 2017. Our overall gross profit margin increased from approximately 6.6% for the four months ended 31 July 2016 to approximately 7.8% for the four

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months ended 31 July 2017. Such increase was mainly attributable to the increase in the gross profit margin of RMAA services from approximately 5.7% for the four months ended 31 July 2016 to approximately 6.9% for the four months ended 31 July 2017.

(a) *By types of services*

(i) RMAA services

Our gross profit margin for RMAA services was approximately 6.9% for the four months ended 31 July 2017, as compared to approximately 5.7% for the four months ended 31 July 2016. The increase was mainly due to relatively lower gross profit margin of project A4, which contributed approximately 29.5% of the total revenue recognised for the four months ended 31 July 2016, while project A4 contributed approximately 17.4% of the total revenue recognised for the four months ended 31 July 2017. Project A4 recorded relatively lower gross profit margin mainly because this is the first RMAA project that we are the sole subcontractor responsible for a whole district and therefore we tendered this project with a lower budgeted gross profit margin.

(ii) Building construction services

Our gross profit margin for building construction services was approximately 12.5% for the four months ended 31 July 2017, which is similar to approximately 12.1% for the four months ended 31 July 2016.

(b) *By sectors*

(i) Public sector projects

Our gross profit margin for public sector projects was approximately 7.8% for the four months ended 31 July 2017, as compared to approximately 6.2% for the four months ended 31 July 2016. The increase was mainly due to increase in gross profit margin for RMAA services.

(ii) Private sector projects

Our gross profit margin for private sector projects was approximately 9.2% for the four months ended 31 July 2017, as compared to approximately 9.3% for the four months ended 31 July 2016. Our gross profit margin remained stable.

Other income and gains

Our other income decreased by approximately HK\$511,000 or 87.7%, from approximately HK\$0.6 million for the four months ended 31 July 2016 to approximately HK\$72,000 for the four months ended 31 July 2017. The decrease was mainly attributable to the decrease in imputed interest income on amounts due from shareholders of approximately HK\$464,000. Since our

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Company is of the view to settle such amounts due from shareholders before Listing, the respective balances as at 31 July 2017 were therefore reclassified as current assets and accordingly no imputed interest income was recognised during the four months ended 31 July 2017.

Administrative expenses

Our Group's administrative expenses increased by approximately HK\$1.0 million or 66.7%, from approximately HK\$1.5 million for the four months ended 31 July 2016 to approximately HK\$2.5 million for the four months ended 31 July 2017. The higher administrative expenses for the four months ended 31 July 2017 was mainly due to the increase of approximately HK\$0.7 million in staff costs recognised in administrative expenses (including directors' remuneration) for the increase in our administrative headcount and in directors' remuneration for the four months ended 31 July 2017.

Finance costs

Our Group's finance costs increased by approximately HK\$15,000 or 46.9% for the four months ended 31 July 2017, which was mainly due to increase in interest on finance lease as a result of four additional motor vehicles.

Income tax expenses

The income tax expenses decreased by approximately HK\$165,000 or 16.7% from approximately HK\$990,000 for the four months ended 31 July 2016 to approximately HK\$825,000 for the four months ended 31 July 2017.

Our effective tax rate was approximately 53.9% for the four months ended 31 July 2017, which was higher than the statutory tax rate of 16.5%, primarily due to the non-deductible expense of Listing expenses of approximately HK\$3.6 million. Excluding the abovementioned, the effective tax rate would be approximately 16.1% which was similar to the statutory tax rate.

Net profit and net profit margin

Our Group's net profit decreased by approximately HK\$4.9 million, or approximately 87.4% from approximately HK\$5.6 million for the four months ended 31 July 2016 to approximately HK\$706,000 for the four months ended 31 July 2017. The corresponding net profit margin decreased by approximately 4.2%, from approximately 4.9% for the four months ended 31 July 2016 to approximately 0.7% for the four months ended 31 July 2017 mainly due to the Listing expenses. Excluding the Listing expenses of approximately HK\$3.6 million for the four months ended 31 July 2017, the Group's net profit margin would be approximately 4.4% for the four months ended 31 July 2017. Apart from the effect of the Listing expenses, the decrease in net profit margin was due to increase in administrative expense. For details, please refer to the paragraph headed "Period to period comparison of results of our operation" in this section of the prospectus.

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LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period, we met our liquidity requirements principally through our cash flow from operations. Our use of cash are mainly for the financing of our operations and working capital requirements going forward, we do not expect any material changes to the underlying drivers of our source of cash and uses of cash, except for the net proceeds from the Share Offer which will be used according to our use of proceeds as set out in the section headed “Future plans and use of proceeds” in this prospectus.

Cash flows

The following table sets forth selected cash flows data from our Group’s combined statements of cash flows for the years/periods indicated:

	<u>The year ended 31 March</u>		<u>Four months ended 31 July</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
	HK\$’000	HK\$’000	HK\$’000 (unaudited)	HK\$’000
Operating cash flows before movements in working capital	13,251	27,554	6,438	2,041
Net cash from (used in) operating activities	7,391	14,981	5,311	(15,241)
Net cash used in investing activities	(5,069)	(2,735)	(1,451)	(203)
Net cash (used in) from financing activities	(7,019)	(8,810)	(315)	19,522
Net (decrease) increase in cash and cash equivalents	(4,697)	3,436	3,545	4,078
Cash and cash equivalents at the beginning of the year/period	7,673	2,976	2,976	6,412
Cash and cash equivalents at the end of the year/period	2,976	6,412	6,521	10,490

Net cash generated from (used in) operating activities

For the year ended 31 March 2016, our net cash generated from operating activities amounted to approximately HK\$7.4 million. Such amount was primarily due to the increase in trade and other payables of approximately HK\$2.0 million, and the increase in amounts due to customers for contract work of approximately HK\$7.6 million; partially offset by (i) the increase in amounts due from customers for contract work of approximately HK\$7.6 million; (ii) the increase in trade and other receivables of approximately HK\$6.0 million, which was driven by the progress billing and

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settlement status of our completed and ongoing contract works; (iii) effect of imputed interest income on amounts due from shareholders of approximately HK\$1.3 million; and (iv) income tax payment of approximately HK\$1.7 million.

For the year ended 31 March 2017, our net cash generated from operating activities amounted to approximately HK\$15.0 million. Such amount was primarily due to the increase in trade and other payables of approximately HK\$11.1 million primarily due to increase in payables to our subcontractors and suppliers and the increase in amounts due to customers for contract work of approximately HK\$9.6 million primarily due to higher cost of services incurred, partially offset by (i) the increase in trade and other receivables of approximately HK\$20.5 million, which was driven by the progress billing and settlement status of our completed and ongoing contract works in the corresponding last quarter of each reporting period; (ii) the increase in amounts due from customers for contract work of approximately HK\$7.5 million; (iii) effect of imputed interest income on amounts due from shareholders of approximately HK\$1.4 million; and (iv) income tax payment of approximately HK\$5.3 million.

For the four months ended 31 July 2017, our net cash used in operating activities amounted to approximately HK\$15.2 million. Such amount was primarily due to the decrease in profit before taxation as a result of the Listing expenses of approximately HK\$3.6 million for the four months ended 31 July 2017, increase in amounts due from customers for contract work of approximately HK\$23.2 million primarily attributable to projects A7 and A9, and the increase in trade and other receivables of approximately HK\$10.5 million primarily due to (i) increase in prepayments to subcontractors on projects A8 and A12; and (ii) increase in retention receivables on (a) project A5 for the release of personal guarantee and (b) progress billing of project A6, partially offset by (i) the increase in trade and other payables of approximately HK\$15.7 million, which was mainly driven by the subcontracting and material costs incurred for projects A6, A7, A8 and A9; and (ii) the increase in amounts due to customers for contract work of approximately HK\$681,000.

Our Group recorded higher net cash from operating activities for the year ended 31 March 2017 than that of for the year ended 31 March 2016, which was mainly due to the increase in our profit before tax as a result of the growth of our business operation.

Our Group recorded net cash used in operating activities for the four months ended 31 July 2017 whereas our Group recorded net cash from operating activities for the four months ended 31 July 2016, which was mainly due to the increase in amounts due from customers for contract work.

Net cash used in investing activities

For the year ended 31 March 2016, our net cash used in investing activities amounted to approximately HK\$5.1 million, which was mainly attributable to the advances to shareholders of approximately HK\$7.9 million; and partially offset by the repayment from shareholders of approximately HK\$3.0 million.

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For the year ended 31 March 2017, our net cash used in investing activities amounted to approximately HK\$2.7 million, which was mainly attributable to (i) advances to shareholders of approximately HK\$2.6 million; (ii) cash utilised to purchase plant and equipment of approximately HK\$0.4 million; and partially offset by the repayment from shareholders of approximately HK\$0.3 million.

For the four months ended 31 July 2017, our net cash used in investing activities amounted to approximately HK\$0.2 million, which was mainly attributable to the purchase of plant and equipment of approximately HK\$0.2 million.

Net cash (used in) from financing activities

For the year ended 31 March 2016, our net cash used in financing activities amounted to approximately HK\$7.0 million, mainly attributable to (i) dividend paid of approximately HK\$6.2 million; (ii) repayment of obligations under finance leases of approximately HK\$0.7 million; and (iii) interest paid of approximately HK\$0.1 million.

For the year ended 31 March 2017, our net cash used in financing activities amounted to approximately HK\$8.8 million, mainly attributable to (i) dividend paid of approximately HK\$8.0 million; and (ii) repayment of obligations under finance lease of approximately HK\$0.8 million; and (iii) interest paid of approximately HK\$0.1 million.

For the four months ended 31 July 2017, our net cash generated from financing activities amounted to approximately HK\$19.5 million, which was mainly attributable to proceeds from Pre-IPO Investment of approximately HK\$20.0 million.

WORKING CAPITAL

Our Directors are of the opinion that, taking into consideration the financial resources presently available to us, including our cash flows from operation, the estimated net proceeds from the Share Offer and the existing available facilities, our Group has sufficient working capital for its present requirements, that is, for at least the next 12 months commencing from the date of this prospectus.

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NET CURRENT ASSETS

The following table sets forth breakdown of our Group's current assets and liabilities as at the dates indicated:

	As at 31 March		As at 31 July	As at 30 November
	2016	2017	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)
Current assets				
Trade and other receivables	26,700	47,212	57,705	58,451
Amounts due from customers for contract work	24,752	32,290	55,507	58,388
Amounts due from shareholders	274	18,419	18,419	—
Bank balances and cash	<u>2,976</u>	<u>6,412</u>	<u>10,490</u>	<u>3,828</u>
	<u>54,702</u>	<u>104,333</u>	<u>142,121</u>	<u>120,667</u>
Current liabilities				
Trade and other payables	17,921	29,018	44,765	38,838
Amounts due to customers for contract work	17,230	26,866	27,547	20,591
Tax payable	4,680	3,732	4,491	6,709
Obligations under finance leases	<u>567</u>	<u>699</u>	<u>919</u>	<u>980</u>
	<u>40,398</u>	<u>60,315</u>	<u>77,722</u>	<u>67,118</u>
Net current assets	<u><u>14,304</u></u>	<u><u>44,018</u></u>	<u><u>64,399</u></u>	<u><u>53,549</u></u>

Our Group recorded net current assets of approximately HK\$14.3 million, HK\$44.0 million, HK\$64.4 million and HK\$53.5 million, respectively, as at 31 March 2016 and 2017, 31 July 2017 and 30 November 2017.

As at 31 March 2017, we had net current assets of approximately HK\$44.0 million. Our current assets as at 31 March 2017 included trade and other receivables of approximately HK\$47.2 million, amounts due from customers for contract work of approximately HK\$32.3 million, amounts due from shareholders of approximately HK\$18.4 million and bank balances and cash of approximately HK\$6.4 million. The key components of our current liabilities included trade and other payables of approximately HK\$29.0 million, amounts due to customers for contract work of approximately HK\$26.9 million and tax payable of approximately HK\$3.7 million.

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As at 31 July 2017, we had net current assets of approximately HK\$64.4 million. Our current assets as at 31 July 2017 included trade and other receivables of approximately HK\$57.7 million, amounts due from customers for contract work of approximately HK\$55.5 million, amounts due from shareholders of approximately HK\$18.4 million and bank balances and cash of approximately HK\$10.5 million. The key components of our current liabilities included trade and other payables of approximately HK\$44.8 million, amounts due to customers for contract work of approximately HK\$27.5 million and tax payable of approximately HK\$4.5 million.

Our net current assets increased by approximately HK\$29.7 million or by 207.7%, from approximately HK\$14.3 million as at 31 March 2016 to approximately HK\$44.0 million as at 31 March 2017, which was primarily driven by (i) an increase in trade and other receivables of approximately HK\$20.5 million; (ii) an increase in amounts due from customers for contract work of approximately HK\$7.5 million; (iii) an increase in amounts due from shareholders of approximately HK\$18.1 million; and (iv) an increase in bank balances and cash of approximately HK\$3.4 million; partially offset by (v) an increase in trade and other payables of approximately HK\$11.1 million; and (vi) an increase in amount due to customers for contract work of approximately HK\$9.6 million.

Our net current assets increased by approximately HK\$20.4 million representing an increase of approximately 46.4%, from approximately HK\$44.0 million as at 31 March 2017 to approximately HK\$64.4 million as at 31 July 2017, which was primarily driven by (i) an increase in amounts due from customers for contract work of approximately HK\$23.2 million; (ii) an increase in bank balances and cash of approximately HK\$4.1 million; and (iii) increase in trade and other payables of approximately HK\$15.7 million.

Our net current assets further decreased by approximately HK\$10.9 million, representing a decrease of approximately 16.9%, from approximately HK\$64.4 million as at 31 July 2017 to approximately HK\$53.5 million as at 30 November 2017, which was driven by decrease in amounts due from shareholders by approximately HK\$18.4 million.

The increase in the aggregate amount of our (i) trade and other receivables; and (ii) amount due from customers for contract work during Track Record Period was driven by the increase in volume of our business activities. The increase in bank balances and cash was mainly driven by the cash flows from our profitable operation.

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ANALYSIS OF SELECTED COMBINED STATEMENTS OF FINANCIAL POSITION ITEMS

Amounts due from/to customers for contract work

	As at 31 March		As at 31 July
	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000
Contract costs incurred plus recognised profits less recognised losses	673,834	888,028	842,361
Less: progress billings	(666,312)	(882,604)	(814,401)
Balance as at year/period end date	7,522	5,424	27,960
Analysed for reporting purposes as:			
Amounts due from customers for contract work	24,752	32,290	55,507
Amounts due to customers for contract work	(17,230)	(26,866)	(27,547)
	7,522	5,424	27,960

Our Group normally submits payment applications to our customers on a monthly basis in accordance with the value of work which may include variation works, if any. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the combined statements of financial position, as a liability, as advances received from customers. Amounts billed for work performed but not yet paid by the customer are included in the combined statements of financial position under trade and other receivables.

Most materials are ordered by us and delivered by our suppliers to the work sites directly from time to time to meet the estimated demand according to specific work schedules. Under the normal circumstances, due to the limited space available for inventory storage on-site, we generally do not keep excess inventory. Our Directors are of the view that the amounts of materials remained at the construction sites at the end of each financial period were insignificant to our Group. As such, the costs of materials and consumables are treated as trade payables upon receipts of materials and consumables and the same amounts will be recognised as contract cost incurred simultaneously. However, contract costs incurred in relation to future activities are recognised as an asset at the end of each financial period under amounts due from customers for contract work.

The level of amounts due from customers for contract work as at a given reporting date is mainly affected by the duration between our submission of progress payment applications and receipt of progress certificates from our customers. The billing and payment certification for

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variation orders would normally take longer as they are usually subject to a process of negotiation. Accordingly, the balance of amounts due from/to customers for contract work vary from period to period.

As at 31 March 2016 and 2017 and 31 July 2017, our amounts due from customers for contract work were approximately HK\$24.8 million, HK\$32.3 million and HK\$55.5 million, respectively. Amounts due from customers for contract work was driven by amounts attributed to work performed but yet to be certified by our customers. As at 31 March 2017, the increase in the amounts due from customers for contract work as compared to 31 March 2016 was mainly due to the difference between the amount of work performed by our Group in relation to project A7 and the value of work certified by Chun Wo.

As at 31 July 2017, the increase in the amounts due from customers for contract work as compared to the amounts as at 31 March 2017 was mainly due to the difference between the amount of work performed by our Group in relation to projects A7 and A9 and the value of work certified by our customers.

Progress billings represent works performed by us, for which the payment certificates have been received from our customers before the end of a financial period. Please refer to the paragraph headed “Trade and other receivables” in this section of the prospectus.

Amounts due to customers for contract work were approximately HK\$17.2 million and HK\$26.9 million as at 31 March 2016 and 2017, respectively mainly driven by the amounts due to customers for contract work occurs when progress billings exceed the contract costs incurred plus recognised profits for project A6.

Amounts due to customers for contract work were approximately HK\$27.5 million as at 31 July 2017. The slight increase in amounts due to customers for contract work as compared to 31 March 2017 was mainly driven by increase in amounts due to customers for contract work on project A2, which is partially offset by the decrease in such amounts on project A6.

As at 30 November 2017, approximately HK\$37.1 million or 66.8% of the amounts due from customers for contract work as at 31 July 2017 were subsequently billed.

Amounts due from shareholders

Details of the amounts due from shareholders are summarised in note 18 to the accountants’ report set out in Appendix I to this prospectus. The amounts due from shareholders are non-trade in nature, unsecured, interest-free and repayable on demand. During the Track Record Period, such balance represented accumulated cash advance to shareholders and is expected to be settled before Listing.

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Trade and other receivables

The following table sets out the composite of our trade and other receivables as at the periods indicated:

	As at 31 March		As at 31 July
	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000
Trade receivables	20,832	36,738	35,421
Retention receivables	4,009	4,553	7,967
Prepayments to subcontractors	1,389	5,375	12,814
Deferred Listing expenses	—	—	1,078
Other receivables and prepayment	470	546	425
	<u>26,700</u>	<u>47,212</u>	<u>57,705</u>
Total trade and other receivables	<u>26,700</u>	<u>47,212</u>	<u>57,705</u>

Trade receivables

Trade receivables represents progress billings of work performed by us, for which payment certificates have been received from our customers before the end of financial period and pending payment. Our trade receivables increased by approximately HK\$15.9 million from approximately HK\$20.8 million as at 31 March 2016 to approximately HK\$36.7 million as at 31 March 2017, which was mainly attributable to the progress billings of projects A2, A4 and R6 to our customers during the last quarter of the year ended 31 March 2017. Our retention receivables increased by approximately HK\$3.4 million from approximately HK\$4.6 million as at 31 March 2017 to approximately HK\$8.0 million as at 31 July 2017, which was mainly attributable to (i) project A5 for the release of personal guarantee and (ii) the progress billings of project A6.

We generally offer a credit period of 30 days to our customers. The following table sets forth the ageing analysis of our trade receivables based on the date of payment certificate issued by customers as at the end of the periods indicated:

	As at 31 March		At 31 July
	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000
1–30 days	19,337	29,471	29,338
31–60 days	1,165	5,514	3,471
61–90 days	—	267	1,428
Over 90 days	330	1,486	1,184
	<u>20,832</u>	<u>36,738</u>	<u>35,421</u>

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As at 31 July 2017, our trade receivables of approximately HK\$1.2 million aged over 90 days mainly due to increased delayed payments from our customers.

The ageing analysis of trade receivable that were past due but not impaired are as follows:

	As at 31 March		As at 31 July
	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000
Overdue:			
1–30 days	1,165	5,514	3,471
31–60 days	—	267	1,428
61–90 days	—	—	—
Over 90 days	330	1,486	1,184
	1,495	7,267	6,083

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with our Group. Based on past experience, our Directors are of the view that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. Our Group does not hold any collateral over these balances. As at 31 March 2016 and 2017, our trade receivables of approximately HK\$ 1.5 million and HK\$7.3 million, respectively were past due but not impaired. The increase in trade receivables that were past due but not impaired as at 31 March 2017 was due to the delayed payments mainly from three customers. As at 31 July 2017, our trade receivables of approximately HK\$6.1 million was past due but not impaired. It is of our director's view that the chances of default in such trade receivable is low taking into consideration of the payment history and our relationship with our customers.

(ii) *Trade receivables turnover days*

The following table sets out the turnover days of our trade receivables for the periods presented:

	As at 31 March		As at 31 July
	2016	2017	2017
	Trade receivables turnover days	29 days	24 days

Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables for the relevant year/period divided by the revenue for the relevant year and multiplied by number of days in the relevant year/period.

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Our trade receivables turnover days were approximately 29 days, 24 days and 45 days for the years ended 31 March 2016 and 2017 and for the four months ended 31 July 2017, respectively. The increase in trade receivables turnover days increased as at 31 July 2017 as compared to 31 March 2017 due to revenue recognised of approximately HK\$16.3 million on projects A3, A4, A8 and A9 which was subsequently settled in August 2017.

As at 30 November 2017, approximately HK\$29.4 million or 83.0% of our trade receivables as at 31 July 2017 were subsequently settled.

Retention receivables

Retention receivables represent the retention money required by our customers to secure our Group's due performance of the contracts. Typically, the amount of retention money depends on negotiation between the parties, which is in general not more than 10% of the value of works certified in each progress payment. The terms and conditions in relation to the release of retention money also vary from contract to contract, which may subject to, practical completion, the expiry of the defects liability period or a pre-agreed time period. Retention money are normally released upon the end of the defect liability period.

The following table sets forth the ageing analysis of retention receivables which are to be settled, based on the completion date of respective project at the end of each financial period:

	As at 31 March		As at 31 July
	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000
Within one year	2,837	2,646	2,739
After one year	1,172	1,907	5,228
	4,009	4,553	7,967

Our retention receivables increased from approximately HK\$4.0 million as at 31 March 2016 to HK\$ 4.6 million as at 31 March 2017 mainly due to completion of project R6. Our retention receivables increased from approximately HK\$4.6 million as at 31 March 2017 to approximately HK\$8.0 million as at 31 July 2017 due to (i) the progress billings of project A6 and (ii) project A5 for the release of personal guarantee. We expect all outstanding retention monies to be released within the expiry of the defect liability period or the time period pre-agreed between our Group and our customers according to the respective contracts and works done.

As at 30 November 2017, our retention receivables of approximately HK\$0.2 million or 2.5% as at 31 July 2017 were subsequently settled.

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Prepayments to subcontractors

We made prepayments to some of our subcontractors for contract works. Prepayments to subcontractors amounted to approximately HK\$1.4 million as at 31 March 2016 and approximately HK\$5.4 million as at 31 March 2017 and such increase was mainly due to increase in prepayment on project A8. Prepayments to subcontractors amounted to approximately HK\$12.8 million as at 31 July 2017 and such increase was mainly due to increase in prepayment on projects A8 and A12.

Other receivables and prepayments

Other receivables and prepayments amounted to approximately HK\$0.5 million, HK\$0.5 million and HK\$0.4 million as at 31 March 2016 and 2017 and 31 July 2017 respectively.

Trade and other payables

Our trade and other payables are primarily related to the purchase of materials, work performed by our subcontractors, retention payable, advances received from customers and accruals and other payables. Set out below is the composition of trade and other payables as at the date indicated:

	As at 31 March		As at 31 July
	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000
Trade payable	9,430	14,986	34,034
Retention payable	3,821	6,596	5,952
Advances received from customers	2,457	4,494	516
Accruals and other payables	2,213	2,942	4,263
Trade and other payables	17,921	29,018	44,765

Trade payables

Trade payables mainly represents amounts payable to our suppliers and subcontractors such as procurement of materials and subcontracting services. Our trade payable increased by approximately HK\$5.6 million, or 59.6%, from approximately HK\$9.4 million as at 31 March 2016 to approximately HK\$15.0 million as at 31 March 2017, which was in line with the increase in cost of services. Our trade payable further increased by approximately HK\$19.0 million or 127%, from approximately HK\$15.0 million as at 31 March 2017 to approximately HK\$34.0 million as at 31 July 2017, which was mainly attributable to subcontracting and material costs incurred for the four months ended 31 July 2017 mainly for projects A6, A7, A8 and A9.

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The following table sets forth the ageing analysis of our trade payables presented based on the invoice dates at the end of each financial period:

	As at 31 March		As at 31 July
	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000
1–30 days	7,516	8,575	21,581
31–60 days	190	1,737	5,137
61–90 days	629	389	1,517
Over 90 days	1,095	4,285	5,799
	9,430	14,986	34,034

As at 31 March 2016 and 2017 and 31 July 2017, the amounts due within 90 days accounted for approximately 88.4%, 71.4% and 83.0% of our trade payables, respectively. The remaining balances due over 90 days as at the abovementioned financial year end dates were approximately HK\$1.1 million, HK\$4.3 million and HK\$5.8 million, respectively. Included in the balance due over 90 days were amounts that will be released to subcontractors over a longer time horizon, generally upon expiry of the defect liability period. Such arrangement and amounts were mutually agreed between us and our subcontractors during or after the project period based on factors including but not limited to (i) quality of work delivered by our subcontractors; and (ii) quantity check to be certified by quantity surveyor. Such amounts were accounted for as trade payable instead of retention payable in our Group's combined statements of financial position because such amounts were not retention withheld by us as agreed with our subcontractors before the project period. As at 30 November 2017, approximately HK\$4.1 million or 71.5% of such outstanding amount was subsequently settled.

The following table sets out the turnover days of our trade payables for the period indicated:

	As at 31 March		As at 31 July
	2016	2017	2017
	Trade payables turnover days	11 days	11 days

The trade payables turnover days is calculated based on the average of the beginning and ending balance of trade payables for the relevant year/period divided by cost of services for the relevant year and multiplied by number of days in the relevant year/period.

Credit terms granted to us by our suppliers and subcontractors vary from contract to contract. Our suppliers, generally grant us a credit period of 30 to 60 days upon issue of invoice.

As at 30 November 2017, approximately HK\$29.0 million or 85.4% of our trade payables as at 31 July 2017 were subsequently settled.

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Retention payable

Retention payables represent money withheld by us when making interim payment to some of our subcontractors. Such requirement is the one of the terms of our standard contract with our subcontractors. The retention money is usually 5% of each interim payment paid to our subcontractors. The retention payables amounted to approximately HK\$3.8 million and HK\$6.6 million as at 31 March 2016 and 2017, respectively, representing an increasing trend resulted from the increase in amount of works subcontracted to our subcontractors to cope with our revenue growth over the Track Record Period. The retention payables remains stable as at 31 July 2017 as compared to 31 March 2017.

As at 30 November 2017, approximately HK\$1.2 million or 19.7% of our retention payables as at 31 July 2017 were subsequently settled.

Advances received from customers

Advances received from customers mainly represent advances from customers for purchases of materials for contract works. According to F&S Report, main contractors sometimes may pay advances to subcontractors to alleviate the financial burden of the subcontractors and facilitate smooth initiation of the project. During the Track Record Period, advances may be granted by our customers with interest rates ranging from 7.25% to 8% per annum.

Increase in advances received from customers represent advances from our customers mainly for the costs of projects A5 and A9, as at 31 March 2017 whilst the advances received from customers as at 31 March 2016 mainly represent advances from customers for project R1. Such advances received from customer on project A5 was settled during the four months ended 31 July 2017 resulted in the decrease in advances received from customers as at 31 July 2017.

Accruals and other payables

Our accruals and other payables mainly include accruals for staff salaries and allowances and Listing expenses. The increase as at 31 March 2017 was mainly due to increase in the salary of certain number of staff and the increase as at 31 July 2017 was mainly due to the Listing expenses and increase in staff salaries due to increase in number of staff.

INDEBTEDNESS

Bank overdraft facility

As at the Latest Practicable Date, we had a bank overdraft facility of HK\$5.0 million and being unutilised. The interest rate of the bank overdraft facility is HIBOR+4.0% per annum. Such facility was secured by unlimited personal guarantees given by Mr. CK Tsang and Mr. MP Tsang, our executive Directors and Controlling Shareholders. The personal guarantees will be released upon Listing and be replaced by a corporate guarantee from our Company.

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Our Directors confirmed that we had neither experienced any difficulties in obtaining or repaying, nor breached any major covenant or restriction of our facilities during the Track Record Period. As at the Latest Practicable Date, there are no material covenants related to our outstanding debts that would materially limit our ability to undertake additional debt or equity financing. Our Directors confirmed that there has not been any material change in our indebtedness or contingent liabilities since 30 November 2017 and up to the Latest Practicable Date. Our Directors confirmed that as at the Latest Practicable Date, we did not have any immediate plan for additional material external debt financing.

Obligations under finance leases

During the Track Record Period, we leased our motor vehicles under finance leases. The average lease terms are 4 years. The following table sets out our obligations under finance leases payable as at the respective date indicated:

	As at 31 March		As at 31 July	As at 30 November
	2016	2017	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)
Within one year	567	699	919	980
After one year but within two years	429	735	828	741
After two years but within five years	454	478	850	823
	1,450	1,912	2,597	2,544

As at 31 March 2016 and 2017, 31 July 2017 and 30 November 2017, being the latest practicable date for the purpose of this indebtedness statement, our total obligations under finance leases amounted to approximately HK\$1.5 million, HK\$1.9 million, HK\$2.6 million and HK\$2.5 million, respectively. Please refer to Note 22 to the Accountant's Report set out in Appendix I to this prospectus for details of the present value of minimum lease payments in respect of our obligations under finance leases as at 31 March 2016 and 2017 and 31 July 2017. The balance is secured by the Group's plant and equipment and unguaranteed.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 1.75% to 4.20% per annum.

Save as aforesaid or otherwise disclosed herein, we did not have any outstanding debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, debentures, finance lease obligations or material contingent liabilities or guarantees outstanding as at 30 November 2017.

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Contingent liabilities

As at the Latest Practicable Date, we have no contingent liabilities.

Capital commitments

As at the Latest Practicable Date, we have no capital commitments.

Operating lease commitments

As at 30 November 2017, the Group has non-cancellable operating lease commitments of approximately HK\$398,000. Further details please refer to note 33 to the Accountant's Report as set out in Appendix I to this prospectus.

OFF-BALANCE SHEET ARRANGEMENTS

As at the Latest Practicable Date, we did not enter into any material off-balance sheet transactions or arrangements.

RELATED PARTY TRANSACTIONS

During the Track Record Period, our Group had the following transactions with related parties:

	For the year ended 31 March		For the four months ended 31 July	
	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Purchases of materials from:				
Victor Link Trading Limited				
<i>(note)</i>	183	196	85	8
Speed Well Building Material				
<i>(note)</i>	<u>5,754</u>	<u>1,226</u>	<u>—</u>	<u>—</u>

Note: Our Group's related party transactions were carried out in accordance with the terms and conditions mutually agreed by the contracting parties. Mr. CK Tsang and Mr. MP Tsang are the common directors and ultimate controlling parties of Victor Link Trading Limited and were partners of Speed Well Building Material until March 2017.

During the Track Record Period, we purchased materials such as air-conditioning accessories (the "**Products**") from Victor Link Trading Limited ("**Victor Link**"). Victor Link is a limited liability company incorporated in Hong Kong. The principal activities of Victor Link is trading of air-conditioning accessories. Speed Well Building Material ("**Speed Well**") engaged in provision of construction material including steel, aluminium and natural granite. We may continue to purchase materials from Victor Link after Listing and please refer to the section headed "Continuing

FINANCIAL INFORMATION

Connected Transaction” in this prospectus for details. During the Track Record Period, we purchased materials such as natural granite from Speed Well. The decrease in purchase from Speed Well for the year ended 31 March 2017 was mainly due to the decrease in demand of natural granite for our projects during the year. Since Mr. CK Tsang and Mr. MP Tsang ceased to be the partners of Speed Well in March 2017, Speed Well has become an independent third party thereafter.

During the Track Record Period, Mr. CK Tsang and Mr. MP Tsang provided personal guarantees in favour of certain customers of our Group, which are the main contractors, with an aggregate awarded contract sum of approximately HK\$834.1 million, approximately HK\$1,041.6 million and approximately HK\$990.5 million as at 31 March 2016 and 2017 and 31 July 2017, respectively. The personal guarantees serve as securities for the due performance and observance of our Group’s obligations under the contracts and Mr. CK Tsang and Mr. MP Tsang agreed to indemnify the relevant customers for any loss or damage suffered as a result of our Group’s default under the contracts. All of these personal guarantees have been released, of which two personal guarantees provided by Mr. MP Tsang in relation to two of our projects, which commenced in April 2016 and April 2015 respectively, have been released and replaced by additional retention money. The additional retention money paid by us for the two projects are HK\$10.0 million, representing approximately 3.8% of the awarded contract sum, and HK\$3.0 million, representing approximately 8.6% of the awarded contract sum, respectively.

During the Track Record Period, Mr. MP Tsang, a director of our Company, entered into a tenancy agreement with landlord in respect of a premises that was used by our Group as an office and storage of goods and the rental expenses incurred by our Group during the years ended 31 March 2016 and 2017 and four months ended 31 July 2017 were HK\$132,000, HK\$144,000 and HK\$36,000, respectively. The tenancy agreement was terminated in June 2017.

With respect to the related parties transactions set out in note 27 of the Accountant’s Report in Appendix I to this prospectus, our Directors believe that such transactions were conducted on normal commercial terms and 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.

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ANALYSIS OF SELECTED FINANCIAL RATIOS

	As at/for the year ended		As as/for the
	31 March		four months
	2016	2017	ended 31 July 2017
Gross profit margin ⁽¹⁾	6.4%	7.4%	7.8%
Net profit margin before interest and tax ⁽²⁾	5.3%	6.5%	1.6%
Net profit margin ⁽³⁾	4.4%	5.5%	0.7%
Return on equity ⁽⁴⁾	39.3%	53.0%	3.2% ⁽⁹⁾
Return on assets ⁽⁵⁾	16.2%	22.2%	1.5% ⁽¹⁰⁾
Current ratio ⁽⁶⁾	1.4 times	1.7 times	1.8 times
Gearing ratio ⁽⁷⁾	5.0%	4.3%	4.0%
Interest coverage ⁽⁸⁾	163.8 times	369.3 times	33.6 times

Notes:

- (1) The gross profit margin is calculated by dividing the gross profit by revenue for the respective year/period multiplied by 100%.
- (2) The net profit margin before interest and tax is calculated by dividing the profit before interest and tax by revenue for the respective year/period multiplied by 100%.
- (3) The net profit margin is calculated by dividing the profit and total comprehensive income by revenue for the respective year/period multiplied by 100%.
- (4) The return on equity is calculated by dividing the profit and total comprehensive income for the respective year/period by total equity as at the end of the respective year/period multiplied by 100%.
- (5) The return on assets is calculated by dividing the profit and total comprehensive income for the respective year/period by total assets as at the end of the respective year/period multiplied by 100%.
- (6) The current ratio is calculated by dividing the total current assets by the total current liabilities as at the end of the respective year/period.
- (7) The gearing ratio is calculated by dividing the total debt which represents obligations under finance leases by total equity as at the end of the respective year/period multiplied by 100%.
- (8) The interest coverage is calculated by dividing the profit before interest and tax by finance costs incurred for the respective year/period.
- (9) For illustrative purpose, return on equity is calculated by dividing the annualised profit and total comprehensive income based on the profit and total comprehensive income for the four months ended 31 July 2017 by total equity as at 31 July 2017 multiplied by 100%.
- (10) For illustrative purpose, return on assets is calculated by dividing the annualised profit and total comprehensive income based on the profit and total comprehensive income for the four months ended 31 July 2017 by total assets as at 31 July 2017 multiplied by 100%.

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Gross profit margin

Our Group's gross profit margin increased from approximately 6.4% for the year ended 31 March 2016 to approximately 7.4% for the year ended 31 March 2017. Such increase was mainly due to increase in gross profit margin of RMAA services. Our Group's gross profit margin increased from approximately 6.6% for the four months ended 31 July 2016 to approximately 7.8% for the four months ended 31 July 2017. Such increase was mainly due to increase in gross profit margin of RMAA services. Further details please refer to the paragraph headed "Period to period comparison of results of our operation" in this section of the prospectus.

Net profit margin before interest and tax

Our Group's net profit margin before interest and tax increased from approximately 5.3% for the year ended 31 March 2016 to approximately 6.5% for the year ended 31 March 2017. The increase in net profit margin before interest and tax was in line with the increase in our gross profit margin.

Our Group's net profit margin before interest and tax decreased from approximately 5.7% for the four months ended 31 July 2016 to approximately 1.6% for the four months ended 31 July 2017 due to the non-deductible Listing expenses. Excluding the non-deducting Listing expenses of approximately HK\$3.6 million the Group's net profit margin before interest and tax for the four months ended 31 July 2017 would be approximately 5.3%, which was similar to that for the four months ended 31 July 2016.

Net profit margin

Our Group's net profit margin increased from approximately 4.4% for the year ended 31 March 2016 to approximately 5.5% for the year ended 31 March 2017. The increase in net profit margin was in line with the increase in our gross profit margin.

For the four months ended 31 July 2017, our Group's net profit margin was approximately 0.7%, which is due to the non-deductible Listing expenses. Excluding the non-deducting Listing expenses of approximately HK\$3.6 million, the Group's net profit margin would be approximately 4.4%.

Return on equity

Our return on equity was approximately 39.3% and 53.0% for the year ended 31 March 2016 and 2017, respectively. This is mainly due to increase in our net profit as mentioned in the paragraph headed "Period to period comparison of results of our operation" in this section of the prospectus. As at 31 July 2017, our return on equity was approximately 3.2%. Such decrease was mainly due to decrease in net profit and increase in total equity of approximately HK\$20.7 million, or 46.4% from approximately HK\$44.6 million as at 31 March 2017 to approximately HK\$65.3 million, primarily due to the Pre-IPO Investment.

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Return on assets

Our return on assets was approximately 16.2% for the year ended 31 March 2016 to approximately 22.2% for the year ended 31 March 2017. This is mainly due to the increase in our net profit as mentioned in the paragraph headed “Period to period comparison of results of our operation” in this section of the prospectus. As at 31 July 2017, our return on assets was approximately 1.5%, this is mainly attributable to (i) decrease in net profit due to increase in Listing expenses; and (ii) increase in total assets due to Pre-IPO Investment.

Current ratio

Our current ratio increased from approximately 1.4 times as at 31 March 2016 to approximately 1.7 times as at 31 March 2017. Such increase was primarily attributable to the increase in trade receivables by approximately HK\$15.9 million mainly resulting from the progress billings of projects A2, A4, and R6 to our customers during the last quarter of the year ended 31 March 2017, and increase in amounts due from shareholders by approximately HK\$18.1 million as at 31 March 2017. Our current ratio further increased to approximately 1.8 times as at 31 July 2017 mainly due to the increase in prepayments to subcontractors by approximately HK\$7.4 million on projects A8 and A12, and increase in amounts due from customers for contract work of approximately HK\$23.2 million primarily attributable to projects A7 and A9.

Gearing ratio

Our gearing ratio was approximately 5.0% and approximately 4.3% as at 31 March 2016 and 2017, respectively. Such decrease was primarily attributable to the increase in equity, which is mainly due to the increase in net profit for the year ended 31 March 2017. Our gearing ratio further decreased to approximately 4.0% as at 31 July 2017 primarily attributable to the increase in equity, which is mainly due to Pre-IPO Investment.

Interest coverage

Our interest coverage was approximately 163.8 and approximately 369.3 times for the years ended 31 March 2016 and 2017, respectively. Such increase was mainly attributable to the increase in our net profit before interest and tax, as mentioned in the paragraph headed “Period to period comparison of results of our operation” in this section of the prospectus. For the four months ended 31 July 2017, our interest coverage was approximately 33.6 times, as compared to approximately 206.1 times for the four months ended 31 July 2016, such decrease was mainly due to the decrease in our net profit before interest and tax.

DIVIDEND

For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, members of our Group declared and paid dividends of approximately HK\$6.2 million, HK\$8.0 million and nil, respectively. In October 2017, our Group declared and paid a dividend of approximately HK\$18.4 million in respect of the year ended 31 March 2017 which substantially

FINANCIAL INFORMATION

reflect the profits and results of our Group for such financial year to the then shareholders of our Group, Mr. CK Tsang and Mr. MP Tsang, only before Listing to set off against the amounts due from shareholders of our Group. Our Directors consider that there is no material adverse impact on our Group's financial and liquidity position arising out of the dividend payment as our Group will maintain net current assets and net assets positions after payment of the dividend. Our Group currently does not have a dividend policy nor any fixed dividend pay-out ratio and may distribute dividends by way of cash or by other means that our Directors consider appropriate. A decision to declare and pay any dividend would require the approval of our Directors and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval. Distribution of dividends, in the future, if any, will depend on the results of its operations, cash flows, financial conditions, statutory and regulatory restrictions as aforementioned and other factors that it may consider relevant, and is subject to its discretion. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Board in the future. The Board has the absolute discretion to decide whether to declare or distribute dividends in any year. There is no assurance that dividends of any amount will be declared or distributed each year or in any year.

LISTING EXPENSES

Based on the Offer Price of HK\$0.70 (being the mid-point of the Offer Price range stated in this prospectus), estimated Listing expenses in connection with the Share Offer are approximately HK\$21.0 million. Out of the estimated Listing expenses of approximately HK\$21.0 million to be borne by us, approximately HK\$3.6 million was incurred and recognised in profit or loss and approximately HK\$1.1 million was recognised as deferred Listing expenses under trade and other receivables during the four months ended 31 July 2017 and further approximately HK\$10.0 million is incurred and recognised in profit or loss for the remaining eight months ending 31 March 2018, and approximately HK\$6.3 million is expected to be charged to the reserve of our Group for the year ending 31 March 2018 respectively. The recognition of the Listing expenses is expected to materially affect our financial results for the year ending 31 March 2018. The estimated Listing expenses of our Group are subject to adjustments based on the actual amount of expenses incurred/ to be incurred by our Company upon the completion of the Listing.

RECENT DEVELOPMENTS SUBSEQUENT TO THE TRACK RECORD PERIOD

As at the Latest Practicable Date, we had 16 on-going projects (including projects in progress as well as contracts that awarded to us but not yet commenced) with total estimated contract sum of approximately HK\$2,364.6 million. Please refer to the section headed "Business — Our projects" in this prospectus.

As at the Latest Practicable Date, all existing projects have continued to contribute revenue to confirmed our Group and none of them have had any material interruption.

Subsequent to the Track Record Period and up to the Latest Practicable Date, we have been secured with five additional RMAA projects with aggregate awarded contract sum of approximately HK\$5.8 million. In October 2017, our Group declared and paid a dividend of approximately

FINANCIAL INFORMATION

HK\$18.4 million to set off against the amounts due from shareholders of our Group. Our Directors consider that there is no material adverse impact on our Group's financial and liquidity position arising out of the dividend payment as our Group will maintain net current assets and net assets positions after payment of the dividend.

Our Directors confirm that, up to the date of this prospectus, save for the impact of Listing expenses, there has been no material adverse change in our financial, operational or trading positions or prospects subsequent to 31 July 2017, being the latest date of our combined financial statements as set out in the Accountants' Report included in Appendix I to this prospectus.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the Latest Practicable Date, there has been no material adverse change in our financial or trading position since 31 July 2017, the end of period reported in the Accountants' Report set out in Appendix I to this prospectus, and there has been no event since 31 July 2017 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT FINANCIAL RISK FACTORS

(i) Credit risk

Credit risk arises mainly from trade and other receivables, amounts due from shareholders, amounts due from customers for contract work and cash at banks. Our 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 statement 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.

It is our Group's policy that all customers who wish to trade on credit terms are subject to credit evaluation which mainly focus on the customer's financial position and past history of making payments. In addition, receivable balances are monitored on an ongoing basis with the result that our Group's exposure to bad debts is not significant.

The Group is exposed to concentration of credit risk as at 31 March 2016 and 2017 and 31 July 2017 on trade and retention receivables from our Group's three major customers amounting to approximately HK\$19.0 million, HK\$28.9 million and HK\$27.5 million, respectively and accounted for approximately 76%, 70% and 63%, respectively, of our Group's total trade and retention receivables. In the opinion of our Directors, the major customers of our Group are certain reputable organisations in the market with good settlement history. Our Directors consider that the credit risk is limited in this regard. Other than concentration of credit risk on trade and retention receivables,

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our Group also has concentration of credit risk on amounts due from shareholders. Amounts due from shareholders amounted to approximately HK\$14.6 million, HK\$18.4 million and HK\$18.4 million as at 31 March 2016 and 2017 and 31 July 2017, respectively.

(ii) Liquidity risk

Our liquidity risk is primarily attributable to the risk that we may not be able to meet our financial obligations as they fall due. To ensure that we will always have sufficient liquidity to meet our liabilities when they fall due, our policy is to monitor current and expected liquidity requirements to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our short and long-term liquidity requirements. In particular, our Group monitors and maintains a level of cash and cash equivalents assessed as adequate by the management to finance our Group's operations and mitigate the effects of fluctuations in cash flows. Our Group relies on internally generated funding and borrowings as significant sources of liquidity.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

Please refer to the section headed "Unaudited pro forma financial information" in Appendix II to this prospectus.

DISTRIBUTABLE RESERVES

As at 31 July 2017, our Company did not have any distributable reserve available for distribution to its shareholders.

SUBSEQUENT EVENTS

Please refer to note 34 of the Accountants' Report in Appendix I to this prospectus for details of subsequent events.

DISCLOSURE RELATING TO RULES 17.15 TO 17.21 OF THE GEM LISTING RULES

Our Directors have confirmed that as at the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

BUSINESS OBJECTIVES AND STRATEGIES

Please refer to the section headed “Business — Business strategies” in this prospectus for our Group’s objectives and strategies.

IMPLEMENTATION PLANS

Our Group’s implementation plans are set forth below for each of the six-month periods until 31 March 2020. Investors should note that the implementation plans and their scheduled times for attainment are formulated on the bases and assumptions referred to in the paragraph headed “Bases and assumptions” in this section of the prospectus. These bases and assumptions are inherently subject to many uncertainties, variables and unpredictable factors, in particular the risk factors set out in the section headed “Risk factors” in this prospectus. Our Group’s actual course of business may vary from the business objective set out in this prospectus. There can be no assurance that the plans of our Group will materialise in accordance with the expected time frame or that the objective of our Group will be accomplished at all. Based on our Group’s business objective, our Directors intend to carry out the following implementation plans:

For the period from the Listing Date to 31 March 2018

	<u>HK\$ million</u>
Recruitment of additional staff	
Additional staff costs	
— About two quantity surveyors	0.2
— About four foremen	0.3
— About 11 workers	0.9
— About one project manager	0.1
— About two quality checkers	0.2
— About two safety supervisors	0.1
— About three project officers	0.3
— About one draftmen	0.1
— About one accounting staff	0.1
— About one administrative staff	<u>0.1</u>
Sub-total for the period	<u><u>2.4</u></u>

FUTURE PLANS AND USE OF PROCEEDS

For the six months ending 30 September 2018

		<u>HK\$ million</u>
Retention of additional staff	Additional staff costs for retaining the aforesaid additional staff for the period, taking into account potential increase in wage level	4.8
Machinery and motor vehicles	Purchase of machinery and motor vehicles	
	— One demolition robot	1.9
	— About two motor vehicles	0.5
Surety bond	Surety bond for securing around two projects	16.0
	Sub-total for the period	<u><u>23.2</u></u>

For the six months ending 31 March 2019

		<u>HK\$ million</u>
Recruitment of additional staff	Additional staff costs	
	— About one project manager	0.3
	— About one foremen	0.2
	— About one administrative staff	0.1
Retention of additional staff	Additional staff costs for retaining the aforesaid additional staffs for the period, taking into account potential increase in wage level	5.1
Motor vehicles	Purchase of two motor vehicles	<u>0.5</u>
	Sub-total for the period	<u><u>6.2</u></u>

FUTURE PLANS AND USE OF PROCEEDS

For the six months ending 30 September 2019

		<u>HK\$ million</u>
Retention of additional staff	Additional staff costs for retaining the aforesaid additional staff for the period, taking into account potential increase in wage level	5.9
	Sub-total for the period	<u>5.9</u>

For the six months ending 31 March 2020

		<u>HK\$ million</u>
Retention of additional staff	Partial payment for additional staff costs for retaining the aforesaid additional staff for the period, taking into account potential increase in wage level	2.4
	Sub-total for the period	<u>2.4</u>

Recruitment of additional staff is principally for the purpose of meeting the estimated demand for our manpower of approximately 26, 23 and 26 staff starting from February to March 2018 for projects A10, A11 and A12 respectively, which cannot be met by the existing members of staff of our Group due to their involvement in other projects. Our projects on hand which are expected to complete by early 2018 are expected to release a total of approximately 14 of our own staff only for assignment to other projects.

FUTURE PLANS AND USE OF PROCEEDS

The average number of our directly employed technical staff and site workers allocated for each project with awarded contact sum of more than HK\$3.0 million completed during the Track Record Period and up to Latest Practicable Date was as follows:

Project code	Public or private sector	Particulars and location of project	Nature of the building	Main category of works	Project period	Awarded contract sum HK\$'000	Average number of technical staff and site workers allocated		
							For the year ended 31 March 2016	2017	For the four months ended 31 July 2017
During the Track Record Period									
R1	Public	Design and build contract of minor works to Hong Kong Government and subvented properties	Government	RMAA services	February 2009 – December 2016	72,500	11	10	5
R2	Public	RMAA services of toilets in NT east	Toilets	RMAA services	September 2009 – March 2017	51,112	—	—	(Note 1)
C1	Public	Construction of a new soccer field, rugby pitch and jogging trail in NT west	Sportsground	Building construction services	August 2012 – March 2017	124,979	1	(Note 2)	(Note 2)
R3	Private	Design, supply and installation of shop front, aluminium cladding and glass wall of a shopping mall	Commercial	RMAA services	August 2013 – June 2016	11,648	—	—	—
R4	Public	Refurbishment of ceiling and lighting of two railway stations	Transportation	RMAA services	February 2014 – November 2016	13,800	(Note 2)	(Note 2)	(Note 2)
C2	Public	Design and build of temporary shelter	Transportation	Building construction services	April 2015 – June 2015	3,215	(Note 2)	(Note 2)	(Note 2)
R5	Public	Establishment of high voltage testing plant and facilities of a depot	Industrial	RMAA services	May 2015 – September 2015	3,080	(Note 2)	(Note 2)	(Note 2)
R6	Private	Design, supply and installation of curtain wall system and window wall system in NT west	Commercial	RMAA services	September 2015 – January 2017	18,345	1	1	(Note 2)
R7	Public	Refurbishment of toilets and pipe works of railway stations	Transportation	RMAA services	November 2015 – November 2016	7,980	—	3	(Note 2)
R8	Private	Alteration and addition works for the development of a new hotel	Commercial	RMAA services	December 2015 – July 2017	17,979	11	6	2
R9	Public	Improvement works of train crew office	Transportation	RMAA services	May 2016 – April 2017	4,417	(Note 3)	4	(Note 2)
After the Track Record Period and up to the Latest Practicable Date									
A1	Public	Construction of a new promenade	Park	Building construction services	February 2013 – September 2017	151,471	6	3	2
A2	Public	RMAA services for aided schools on Hong Kong Island and in Kowloon east	Educational	RMAA services	April 2013 – November 2017	92,780	6	(Note 2)	(Note 2)
A4	Public	Minor works for Hong Kong Government properties in NT west	Government	RMAA services	April 2014 – December 2017	205,700	52	49	8
A13	Public	Provision of redecoration and repair works to the sports complex of a university	Educational	RMAA services	June 2017 – October 2017	6,477	(Note 3)	(Note 3)	(Note 3)

Notes:

1. This project was completed in December 2016 but required allocation of staff during the four months ended 31 July 2017 as the Group received variation orders for such project in May 2017.
2. The project was substantially completed in the previous financial year/period.
3. The project had not commenced during the financial year/period.

FUTURE PLANS AND USE OF PROCEEDS

As at the Latest Practicable Date, 37 technical staff and 74 site workers were under the direct employment of the Group. The following table sets out the allocation of such 111 staff. For details relating to each of the projects, please refer to the section headed “Business” in this prospectus:

<u>Project</u>	<u>Number of staff allocated</u>
A3	7
A5	7
A6	23
A7	17
A9	8
A10	10
A11	18
A12	<u>21</u>
Total	<u>111</u>

The number of our staff allocated for each project depends on factors including the scale of the project; the complexity of the work and related skillset required; and the proportion of allocation between our own staff and subcontractors, which is dependent in part on the availability of our own staff. For instance, government properties maintenance and repair work term contracts due to their nature, demand more immediate attention to work required and hence more of our own staff will be allocated to such contracts as opposed to others to ensure more efficient project management. Projects A4, A11 and A12 are examples of government maintenance work term contracts, and our intended allocation of additional staff to projects A11 and A12 as described above is proportional to the size of the districts involved as compared to the size of the district covered by project A4. As for project A10, it also requires a relatively large number of our own staff due to it being a sizeable construction project involving a larger site area as compared to other projects. Our intended allocation of our own staff to such project is consistent with our historical allocation to projects of similar scale. Towards the completion of projects A10, A11 and A12, the additional staff retained according to the plans above will be reassigned gradually to our then potential new projects. Our Directors are of the view that hiring our own staff as opposed to engaging subcontractors can better ensure the quality of our work and the monitoring of the progress of projects can be more efficiently conducted. Based on more than 10 years of industry experience of our Group and leveraging its relationships with existing customers for new projects, our Group anticipates there to be further suitable RMAA and building construction projects in both the public and private sectors that our Group can tender or quote for. Assuming our Group will successfully be awarded certain of these projects based on its historical tender and quotation success rate, certain of these projects will become new projects of our Group starting from the year ending 31 March 2019.

FUTURE PLANS AND USE OF PROCEEDS

The Directors expect that there will at least be five RMAA and six building construction projects available for the Group to tender or provide quotation for (“**Potential New Projects**”), in the year ending 31 March 2019. Details of these Potential New Projects are set out in the table below:

Particulars of project	Nature of building	Main category of work	Estimated awarded contract sum	Expected project period	Expected number of months of project period falling within the year ending 31 March 2019	Expected approximate amount of revenue generation for the year ending 31 March 2019
			HK\$ million	months		HK\$ million
1. Re-provisioning of a site in Kowloon east	Government	RMAA services	300	36	3	25
2. Re-provisioning of a site in NT west	Educational	RMAA services	500	60	3	25
3. Re-provisioning of a site in Kowloon east	Recreational	RMAA services	200	24	4	33
4. Minor works term contract to buildings and land and other properties <i>(Note 2)</i>	Government	RMAA services	400	36	11	122
5. Term contract for the design and construction of minor works to government and subvented properties in Kowloon and outlying islands <i>(Note 2)</i>	Government	RMAA services	763	36	12	254
			Total:			
			2,163			459

FUTURE PLANS AND USE OF PROCEEDS

Particulars of project	Nature of building	Main category of work	Estimated awarded contract sum	Expected project period	Expected number of months of project period falling within the year ending 31 March 2019	Expected approximate amount of revenue generation for the year ending 31 March 2019
			HK\$ million	months		HK\$ million
1. Re-provisioning of a site in NT east	Mortuary	Building construction	300	29	8	83
2. Construction of a waterfront promenade in Kowloon east	Park	Building construction	100	24	7	29
3. Improvement of an area in Kowloon east	Park	Building construction	200	24	3	25
4. Construction of an avenue park in Kowloon east <i>(Note 2)</i>	Park	Building construction	200	36	11	61
5. Renovation of a building in Kowloon west	Commercial	Building construction	80	24	8	27
6. Construction of a utility station in Kowloon east	Utilities	Building construction	75	12	11	69
Total:			<u>955</u>			<u>294</u>

Notes:

1. The estimations and expectations in these tables are based on the following source(s) and principal assumptions:
 - (i) tender invitations received or publicly available information including tender notices on the website of the Hong Kong Government;
 - (ii) the best estimate of the Directors based on prevailing market prices, the scale of the site(s) involved and certain relevant industry knowledge;
 - (iii) the length of time required to complete projects of similar scale and work type for historical projects;
 - (iv) there will be no significant changes in the existing political, legal, market or economic conditions in Hong Kong, including changes in legislations, regulations, policies or rules, which may have a material adverse effect on our business or operations;
 - (v) there will be no material changes in the bases or rates of taxation, both direct and indirect, in Hong Kong;
 - (vi) there will be no material changes in inflation rate or foreign currency exchange rates in Hong Kong from those prevailing as at the date of this prospectus;
 - (vii) actual construction costs will not vary significantly from the signed contracts or the budget in any way that is more significant than historical experience;
 - (viii) there will be no material disputes with our customers;

FUTURE PLANS AND USE OF PROCEEDS

- (ix) our operations and business will not be materially affected or interrupted by any force majeure events or other unforeseeable factors or any unforeseeable reasons that are beyond the control of our Directors, including natural disasters or catastrophes, epidemics or serious accidents;
 - (x) our operations and financial performance will not be materially and adversely affected by any of the risk factors as set out in the section headed “Risk Factors” in this prospectus;
 - (xi) we will be able to retain our key management and personnel during the years ending 31 March 2018 and 2019 and thereafter;
 - (xii) there will be no changes in the existing accounting policies from those adopted in the preparation of our financial information in the Track Record Period;
 - (xiii) there will be no disagreement from relevant authorities in our licences and qualifications retention process;
 - (xiv) all projects will be completed according to the budgeted time frame;
 - (xv) there will not be material deterioration in the financing standing of our customers, suppliers and sub-contractors;
 - (xvi) there will not be material changes in the physical condition of our assets (in particular, our machineries);
 - (xvii) there will be no occurrences such as labour shortages, labour disputes or interruptions in the supply of third-party services, equipment, fuel, other materials or supplies that would adversely affect our operations;
 - (xviii) we will continue to be able to recruit sufficient qualified personnel to achieve our planned expansion and will at all times have a staffing level that will be sufficient for our operational requirements;
 - (xix) the accounting policies to be adopted by us will be consistent in all material aspects with those accounting policies adopted in the Accountants’ Reports in Appendix I to this prospectus and the adoption of “HKFRS 15 — Revenue from Contracts with Customers” does not have a material impact to our Group;
 - (xx) there will not be material fluctuations in the financial markets and capital markets (including the increase or decrease in the interest rates for bank borrowings) generally; and
 - (xxi) the relevant contract owner, our customers and us will be able to continually obtain adequate financial going concern in the foreseeable future.
2. As at the Latest Practicable Date, the Group has already submitted the tender/quotation.

FUTURE PLANS AND USE OF PROCEEDS

Based on the above and on the assumption that the Group will continue to obtain RMAA and building construction projects at the historical average tender/quotation success rate during the Track Record Period of 30% and 50% respectively (the “**Historical Success Rates**”), it is expected that the Potential New Projects will generate approximately HK\$280 million of revenue for the Group in the year ending 31 March 2019 as follows:

A. Calculated on a pro rata basis against the total expected revenue generation of all RMAA and building construction Potential New Projects:

	Expected approximate revenue generation of all Potential New Projects for the year ending 31 March 2019	Assumed success rate	Expected approximate revenue generation for successfully obtained projects for the year ending 31 March 2019
	HK\$ million		HK\$ million
RMAA	459	30%	138
Building construction	294	50%	147
		Total:	285

B. Calculated on a pro rata basis against the total number of RMAA and building construction Potential New Projects

	Number of Potential New Projects	Assumed success rate	Expected number of awarded contracts	Expected range of awarded contract sum <small>(Note 1)</small>	Expected approximate range of revenue generation for awarded contracts for the year ending 31 March 2019 <small>(Note 2)</small>
				HK\$ million	HK\$ million
RMAA	5	30%	1–2	200–1,263	25–376
Building Construction	6	50%	3	255–700	81–213
			Total:	455–1,963	106–589

Notes:

- The low ends represent the project(s) with the lowest expected awarded contract sum of RMAA services and building construction services, respectively, and the high ends represent the projects with the highest expected awarded contract sum of RMAA services and building construction services, respectively.

FUTURE PLANS AND USE OF PROCEEDS

2. The low ends represent the project(s) with the lowest expected approximate range of revenue generation for awarded contracts for the year ending 31 March 2019 of RMAA services and building construction services, respectively, and the high ends represent the projects with the highest expected approximate range of revenue generation for awarded contracts for the year ending 31 March 2019 of RMAA services and building construction services, respectively.

During the Track Record Period and up to the Latest Practicable Date, four projects in progress and four completed projects, being approximately 36.4% and 26.7% of the projects in progress or completed with awarded contract sum of more than HK\$3.0 million respectively during the same periods, had the requirement of provision of performance guarantee as follows:

<u>Project</u>	<u>Amount of performance guarantee required (HK\$ million) (percentage of required performance guarantee against awarded contract sum)</u>
R2	Amount not specified ^(Note 1)
C1	31.2 (25%)
A1	37.9 (25%)
A2	23.2 (25%)
A5	Amount not specified ^(Note 1)
A6	41.7 (25%)
A7	38.7 (25%)
A9	Amount not specified ^(Note 1)

Note:

1. The performance guarantee includes the liability to cover, among others, any damages, losses, charges, costs or expenses sustained by the customer on the default or any breach of contract by the Group.

Given the release of the personal guarantees provided by our Controlling Shareholders (some of which replaced by the provision of additional retention money as described in the section headed “Financial information” in this prospectus), it is expected that for the year ending 31 March 2018, no further performance guarantee in the form of surety bonds will be required.

Pursuant to the understanding of our Directors and according to the F&S Report, the listing status of our Company in the future will unlikely release it from its obligation to provide performance guarantee. Surety bond is a commonly provided form of performance guarantee in the market according to the F&S Report.

Based on the assumptions and calculations set out below, as contractors are typically required to obtain surety bonds at the commencement of new projects, our Directors expect that our Group will have to incur the amount of approximately HK\$34 million for the obtaining of surety bonds within the period from 1 April 2018 to 30 September 2018. As such, the allocation of HK\$16 million of the proceeds for the obtaining of surety bonds will only be able to partially support the

FUTURE PLANS AND USE OF PROCEEDS

expected amount of surety bonds required and accordingly, we have not made any contingency plans for the use of the HK\$16 million intended for the above described purpose. In the event the allocated amount of HK\$16 million is not fully utilised for the obtaining of surety bonds in the period from 1 April 2018 to 30 September 2018, any surplus amount is expected to be reallocated to later periods for the same purpose; and in the event the amount of surety bonds actually required is higher than the allocated proceeds amount of HK\$16 million for such purpose, the shortfall is expected to be settled by internal resources and cash flows from operations of our Group.

Of the 11 Potential New Projects, only five, all of which are building construction projects (namely projects 1, 2, 4, 5 and 6 on page 227), are expected to commence within the period from 1 April 2018 to 30 September 2018. Without taking into account the estimated awarded contract sum of project 6 involving a certain customer which had historically never required the provision of performance guarantee from the Group, the estimated contract sum of the remaining four projects in aggregate is approximately HK\$680 million. Further taking into account the Historical Success Rate for building construction projects of 50%, it is expected that a corresponding surety bond amount of approximately HK\$34 million will be required, being 10% of the expected awarded contract sum based on the historical contractual requirements for performance guarantees in the form of surety bonds and the F&S Report which states that the common market requirement for surety bonds is 10% of the awarded contract sum. As contractors are typically required to obtain surety bonds at the commencement of new projects, it is expected that the Group will have to incur the amount of HK\$34 million during the above said period of 1 April 2018 to 30 September 2018.

Taking into account the Historical Success Rate, the expected number of new contracts (calculated on a pro rata basis against the total number of Potential New Projects) and the range of their estimated awarded contract sum as well as the corresponding amount of surety bonds required during the year ending 31 March 2019 are as follows:

	Number of Potential New Projects	Assumed success rate	Expected number of awarded contracts	Estimated range of contract sum HK\$ million	Expected range of surety bonds required for the year ending 31 March 2019 ^(Note 1) HK\$ million
RMAA	5	30%	1–2	200–1,263	Nil–80 ^(Note 2)
Building construction	6	50%	3	255–700	18–70 ^(Note 3)
				Total:	<u>18–150</u>

Notes:

- Expected amount of surety bonds required is estimated to be 10% of the estimated awarded contract sum of relevant project(s).

FUTURE PLANS AND USE OF PROCEEDS

2. Two RMAA Potential New Projects, namely projects 4 and 5 on page 226, are expected to be with a customer which had historically not required any performance guarantee from the Group. Accordingly, the low end of the expected number of awarded contracts is one project, and the low end of the range of surety bonds required is nil. The high end of the range has been calculated taking projects 1 and 2 on page 226, being the two projects with the largest expected amount of surety bond required.
3. One building construction Potential New Project is expected to be with a customer which had historically not required any performance guarantee from the Group (namely project 6 on page 227). According, when the expected number of contracts is three projects, the calculation of the low end of the range of surety bonds required takes into account projects 2, 5 and 6 on page 227, being the three projects with the smallest expected amount of surety bond required. The high end of the range has been calculated taking projects 1, 3 and 4 on page 227, being the three projects with the largest expected amount of surety bond required.

In addition, we have plans to acquire a demolition robot as we consider that it (i) can enhance our efficiency in our demolition work; (ii) is economically more efficient; and (iii) can improve work safety and reduce potential work injuries of workers due to demolition work. A new demolition robot is expected to have a lifespan of approximately five years. The average annual cost savings of owning a demolition robot as opposed to engaging a third-party demolition robot for five years, are expected to be approximately HK\$0.9 million, taking into account the historical expenses of engaging a third-party demolition robot and the expected expenditure for purchasing, maintaining and hiring labour for operating a demolition robot.

Furthermore, we typically provide each of our foremen who oversees more than one site with a motor vehicle for ease of travel when the relevant sites are not within reasonable walking distance. As such, we plan to acquire four motor vehicles for the four additional foremen to be recruited according to our expansion plan, who are expected to be in charge of multiple sites, for their travelling among our work sites.

According to the abovementioned implementation plans, our labour cost and depreciation expense will increase as a result of recruitment of additional staff and purchases of machineries and motor vehicles; while there will be decreases in rental expenses on machineries as we will be less reliant on rented machineries. The expected revenue of projects in progress for the two years ending 31 March 2018 and 2019 are approximately HK\$417.8 million and HK\$835.2 million, respectively, and in the year ending 31 March 2019 certain additional revenue could be further contributed by our potential projects. The primary purpose of our expansion plan is to support the aforesaid projects. Relevant operating costs due to the expansion plan are expected to be included in the costs of the relevant projects and their overall gross profit margin is not expected to have material fluctuations as compared to that of the projects carried out in the Track Record Period. Therefore, our Directors are of the view that the expansion plans are not expected to have a material adverse impact on its profitability.

FUTURE PLANS AND USE OF PROCEEDS

BASES AND ASSUMPTIONS

The business objectives set out by our Directors are based on the following bases and assumptions:

- our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- there will be no material change in the funding requirement for each of our Group's future plans described in this prospectus from the amount as estimated by our Directors;
- there will be no material change in existing laws and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in which our Group operates;
- there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;
- there will be no disasters, natural, political or otherwise, which would materially disrupt the businesses or operations of our Group; and
- our Group will not be materially affected by the risk factors as set out under the section headed "Risk factors" in this prospectus;
- our Group will be able to continue its operation in substantially the same manner as our Group has been operating during the Track Record Period and our Group will be able to carry out the development plan without disruptions adversely affecting its operation or business objectives in any way.

REASONS FOR THE SHARE OFFER

Our Directors believe that the Listing will enhance our Group's corporate profile and the proceeds from the Share Offer to be received by our Group will strengthen its financial position and will enhance our Group to implement its business plans set out in the paragraph headed "Implementation plans" above. Our Directors consider that the Listing will benefit our Group in different levels, both internal and external as discussed below:

(i) Promote our corporate profile and reputation

With a listing status, our Company's profile, awareness and reputation in the industry will be enhanced and raised. In addition, our Directors are of the view that the Listing will facilitate us to entice new customers, as their confidence will be attached to our proven track record, transparent financial disclosure, standard of internal controls and corporate governance which in turn will increase our competitiveness among our competitors.

FUTURE PLANS AND USE OF PROCEEDS

(ii) Enhance our staff morale and loyalty

We believe a status of the Listing will be respected by our staff and job applicants. Our Directors consider that in choosing between a listed or private company, the Listing will offer extra job security and financial confidence. As we are operating in an industry with labour shortage problem, improving work morale of our staff is considered as one of our essential tasks to do. In addition, our Directors are of the view that experienced staff are crucial to the continuing development of our Group, the listing status will enable us to attract more talents to join. Furthermore, our Directors decide to proceed with equity financing in the form of Listing for the purpose of our business expansion instead of debt financing considering that if we raise additional funds by incurring debt financing, we may be subject to various covenants under the relevant debt instruments that may, among other things, restrict our ability to pay dividends or obtain additional financing. Servicing such debt obligations could also be burdensome to our operations. If we fail to service such debt obligations or are unable to comply with any of these covenants, we could be in default under such debt obligations and our liquidity and financial condition could be materially and adversely affected.

(iii) Enhance our Group's corporate profile, credibility and brand awareness

Our Directors believe that our customers would prefer doing business with a listed company to a private company given the former's greater transparency, and relevant regulatory supervision and stability generally. It is expected that both public and private main contractors would prefer engaging subcontractors having a public listing status with transparent financial disclosures and general regulatory supervision. The Listing will therefore serve to promote our corporate profile and brand awareness.

(iv) Enhance market status amongst our customers, suppliers and subcontractors

Our Directors believe that a listing status will enhance our credibility with our subcontractors, suppliers and customers and thus, enhance our level of competitiveness in competing for and carrying out construction projects. With such status, our Group can be differentiated from other unlisted competitors during the tendering process, enhancing our success rate in competing for sizable and profitable projects. Our Directors therefore believe that the Listing is a key strategy for us to enhance our level of competitiveness.

(v) Ease of raising funds in capital market

The Listing will also provide us with access to the public capital markets for future fund raising exercises to assist in our future business development and further strengthen and enhance our competitiveness. In addition, the Listing will expand and diversify our shareholder base as it will allow institutional and professional investors in Hong Kong to easily invest in the equity of our Company, thereby establishing a solid institutional and professional shareholder base to the benefit of our Company and Shareholders as a whole.

FUTURE PLANS AND USE OF PROCEEDS

USE OF PROCEEDS

Our Directors estimate that the net proceeds from the Share Offer (after deducting estimated expenses payable by our Group in connection with the Listing) will be approximately HK\$44.1 million based on a Offer Price of HK\$0.70 per Offer Share (being the mid-point of the Offer Price range between HK\$0.60 and HK\$0.80 per Offer Share). It is at present intended that the net proceeds will be applied as follows:

- approximately 48.1% of the estimated net proceeds, or approximately HK\$21.2 million for the recruitment and retaining of additional staff;
- approximately 36.3% of the estimated net proceeds, or approximately HK\$16.0 million for the surety bond;
- approximately 6.6% of the estimated net proceeds, or approximately HK\$2.9 million for purchase of machineries and motor vehicles; and
- approximately 9.0% of the estimated net proceeds, or approximately HK\$4.0 million for working capital.

If the Offer Price is set at either the high-end or low-end of the proposed Offer Price range, the net proceeds from the Share Offer will increase or decrease by approximately HK\$9.3 million. In the event the Offer Price is set at the high-end of the proposed Offer Price range, all surplus proceeds will be applied to obtain surety bonds required for new projects to be taken up by the Group. In the event the Offer Price is set at the low-end of the proposed Offer Price range, the allocation of proceeds in terms of monetary value for the recruitment and retention of additional staff and the purchase of machineries and motor vehicles will remain the same, and the remaining portion of the proceeds will be allocated for other intended purposes on a pro-rata basis and any shortfall for facilitating the implementation plans set out above in this section of the prospectus will be funded by internal resources and cash flow from operations of our Group. If the Offer Size Adjustment Option is exercised in full, we estimate that the additional net proceeds from the offering of these additional Shares to be received by us, after deducting related underwriting fees and estimated expenses payable by us, will be approximately (i) HK\$10.8 million, assuming the Offer Price is fixed at the high-end of the indicative Offer Price range, being HK\$0.8 per Offer Share; (ii) HK\$9.4 million, assuming the Offer Price is fixed at the mid-point of the indicative Offer Price range, being HK\$0.7 per Offer Share; and (iii) HK\$8.1 million, assuming the Offer Price is fixed at the low-end of the indicative Offer Price range, being HK\$0.6 per Offer Share. Any additional proceeds received by us from the exercise of the Offer Size Adjustment Option will also be applied to obtain surety bonds required for new projects to be taken up by the Group.

We will issue an announcement in the event that there is any material change in the use of proceeds of the Share Offer as described above.

FUTURE PLANS AND USE OF PROCEEDS

We expect all of our estimated expenditure for the (i) recruitment and retention of staff and (ii) purchase of machineries and motor vehicles for the period from the Latest Practicable Date to 31 March 2020 being approximately HK\$21.2 million and HK\$2.9 million, respectively, will be funded by proceeds from the issue of Offer Shares. Set forth below is a summary of the implementation of our Group's business objectives and strategies from the Latest Practicable Date to 31 March 2020, which will be funded by the use of proceeds from the issue of Offer Shares excluding the general working capital of HK\$4.0 million, are set forth as follows:

	From the Latest Practicable Date to 31 March 2018	For the period from 1 April 2018 to 30 September 2018	For the period from 1 October 2018 to 31 March 2019	For the period from 1 April 2019 to 30 September 2019	For the period from 1 October 2019 to 31 March 2020	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Recruitment and retention of additional staff	2.4	4.8	5.7	5.9	2.4	21.2
Surety bond	—	16.0	—	—	—	16.0
Purchase of machineries and motor vehicles	—	2.4	0.5	—	—	2.9
	<u>2.4</u>	<u>23.2</u>	<u>6.2</u>	<u>5.9</u>	<u>2.4</u>	<u>40.1</u>

Our Directors consider that the net proceeds to be received by our Group from the Share Offer, our Group's internal resources, cash flows from operation, the advances from customers and bank borrowings will be sufficient to finance our Group's business plans up to the year ended 31 March 2020.

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

UNDERWRITING

UNDERWRITERS

Sole Bookrunner

Head & Shoulders Securities Limited

Joint Lead Managers

Head & Shoulders Securities Limited

Innovax Securities Limited

Get Nice Securities Limited

Paragon Securities Limited

Public Offer Underwriters

Head & Shoulders Securities Limited

Innovax Securities Limited

Get Nice Securities Limited

Paragon Securities Limited

UNDERWRITING

This prospectus is published solely in connection with the Share Offer. The Share Offer is fully underwritten by the Underwriters on a conditional basis.

THE PUBLIC OFFER

Public Offer Underwriting Agreement

The Public Offer Underwriting Agreement was entered into on 29 January 2018. Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to offer the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus by the Listing Committee and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally, but not jointly or jointly and severally, agreed to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

UNDERWRITING

Grounds for termination

The obligations of the Public Offer Underwriters to subscribe or procure subscribers for the Public Offer Shares are subject to termination if certain events, including force majeure, shall occur at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date. The Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) shall have the absolute right by notice in writing to our Company to terminate the Public Offer Underwriting Agreement with immediate effect at any time prior to 8:00 a.m. on the Listing Date (the “**Termination Time**”) if any of the following events shall occur prior to the Termination Time:

- (a) there develops, occurs, exists or comes into force:
 - (i) any change or development involving a prospective change or development, or any event or series of events resulting or likely to result in or representing a change or development, or any prospective change or development in, local, national, regional or international financial, political, military, industrial, legal, economic, currency market, credit, fiscal or regulatory or market matters or conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets, credit markets, and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies) in or affecting Hong Kong, the PRC, the Cayman Islands, the BVI, the United States, the United Kingdom, the European Union (or any member thereof), or any other jurisdiction in which any member of our Group operates (collectively, the “**Relevant Jurisdictions**”, each a “**Relevant Jurisdiction**”); or
 - (ii) any new law or regulation or any change or development involving a prospective change in any existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any Relevant Jurisdiction; or
 - (iii) any event or series of events in the nature of *force majeure* (including, without limitation, acts of government, labour disputes, strikes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riots, public disorder, declaration of a national or international emergency, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, epidemic or pandemic outbreak of disease (including without limitation, Severe Acute Respiratory Syndromes (SARS), Middle East Respiratory Syndromes (MERS), H5N1, H1N1, swine or avian influenza or such related/mutated forms)), economic sanctions, in or affecting any Relevant Jurisdiction; or
 - (iv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any Relevant Jurisdiction; or

UNDERWRITING

- (v) (A) any moratorium, suspension, restriction or limitation on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the American Stock Exchange, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange, or (B) a general moratorium on commercial banking activities in any Relevant Jurisdiction declared by the relevant authorities, or a disruption in foreign exchange trading or securities settlement or clearance services procedures or matters in or affecting any Relevant Jurisdiction; or
- (vi) any change or development or event involving a prospective change in taxation or exchange controls (or the implementation of exchange controls), currency exchange rates or foreign investment regulations in any Relevant Jurisdiction; or
- (vii) any imposition of economic sanction or withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or
- (viii) any change or development or event involving a prospective change in our Group's assets, liabilities, properties, profit, losses, results of operations, performance, condition, business, financial, general affairs, shareholders' equity, management, earnings, trading position or prospects; or
- (ix) the commencement by any judicial, regulatory, governmental or political body or organisation of any action, claim or proceedings against any Director or an announcement by any judicial, regulatory, governmental or political body or organisation that it intends to take any such action; or
- (x) a demand by any tax authority for payment for any tax liability for any member of our Group; or
- (xi) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (xii) the chairman or chief executive officer of our Company vacating his office; or
- (xiii) an authority or a political body or organisation in any jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or
- (xiv) a contravention by any member of our Group of the GEM Listing Rules or any applicable laws in Hong Kong, the Cayman Islands and the BVI; or
- (xv) an order or petition is presented for the winding up or liquidation of our Company or any of our subsidiaries, or our Company or any of our subsidiaries makes any compromise or arrangement with its creditors or enter into a scheme of arrangement or any resolution is passed for the winding-up of our Company or any of our subsidiaries or a provisional liquidator, receiver or manager is appointed over all or

UNDERWRITING

part of the assets or undertaking of our Company or any of our subsidiaries or anything analogous thereto occurs in respect of our Company or any of our subsidiaries; or

- (xvi) a demand by any creditor for repayment or payment of any of our Company's indebtednesses or those of any of our subsidiaries or in respect of which our Company or any of our subsidiaries is liable prior to its stated maturity; or
- (xvii) any loss or damage sustained by our Company or any of our subsidiaries as a result of a breach of its respective obligations or non-compliance with the applicable laws (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (xviii) any litigation or claim being threatened or instigated against our Company or any of our subsidiaries or the covenantors as defined in the Public Offer Underwriting Agreement (the "**Covenantors**"); or
- (xix) a prohibition on our Company for whatever reason from offering, issuing, allotting or delivering the Offer Shares (including the Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option) pursuant to the terms of the Share Offer as required under any applicable laws or the GEM Listing Rules; or
- (xx) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer of the Shares) or any aspect of the Share Offer with the GEM Listing Rules or any other applicable laws; or
- (xxi) other than with the approval of the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Underwriters), the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer of the Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the GEM Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (xxii) any event which give rise or would give rise to liability on the part of our Company pursuant to the indemnity provisions in the Public Offer Underwriting Agreement; or

UNDERWRITING

(xxiii) any change or prospective change in, or a materialisation or prospective materialisation of, any of the risks set out in the section headed “Risk Factors” in this prospectus,

and which, individually or in aggregate, in the sole opinion of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) acting in good faith,

- (A) has or may have or will have or is likely to have a material adverse effect, whether directly or indirectly, on the assets, liabilities, business, general affairs, management, shareholders’ equity, profits, losses, trading position, results of operations, prospects, position or condition, financial or otherwise, or performance of our Company or our subsidiaries as a whole; or
 - (B) has or may have or will have or is likely to have a material adverse effect on the success of the Share Offer or the level of applications under the Public Offer or the level of indications of interest under the Placing; or
 - (C) makes, may make or will or is likely to make it impracticable or inadvisable or inexpedient for any part of the Public Offer Underwriting Agreement or the Share Offer to proceed or to be performed or implemented as envisaged or to market the Share Offer; or
 - (D) makes or may make or will or is likely to make it impracticable, inadvisable or inexpedient to proceed with the Share Offer or the offer, issue, allotment or delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus or any other documents used in connection with the Share Offer (the “**Offering Documents**”); or
- (b) there has come to the notice of the Sole Bookrunner or any of the Public Offer Underwriters after the date of the Public Offer Underwriting Agreement:
- (i) that any statement contained in the Offering Documents, the formal notice or any announcements in the agreed form issued or used by or on behalf of our Company in connection with the Share Offer (including any supplement or amendment thereto) was, when it was issued, or has or may become untrue or incorrect in any material respect or misleading, or that any forecast, expression of opinion, intention or expectation contained therein is not fair and honest in any material respect and based on reasonable assumptions with reference to the facts and circumstances then subsisting; or
 - (ii) that any matter has arisen or has been discovered which, had it arisen or been discovered immediately before the date of this prospectus which would or might constitute a material omission from the Offering Documents and/or in any notices or announcements issued or used by or on behalf of our Company in connection with the Share Offer (including any supplement or amendment thereto); or

UNDERWRITING

- (iii) that any of the warranties given by our Company or the Covenantors as set out in the Public Offer Underwriting Agreement or the Placing Underwriting Agreement is (or would when repeated be) untrue, inaccurate or misleading or having been breached; or
- (iv) that any matter, event, act or omission which gives or is likely to give rise to any liability of our Company or the Covenantors out of or in connection with any breach, inaccuracy and/or incorrectness of the warranties as set out in the Public Offer Underwriting Agreement or the Placing Underwriting Agreement and/or pursuant to the indemnities given by our Company, the Covenantors or any of them under the Public Offer Underwriting Agreement or the Placing Underwriting Agreement; or
- (v) that any breach of any of the obligations or undertakings of any party to the Public Offer Underwriting Agreement or the Placing Underwriting Agreement (other than the Sole Sponsor, the Public Offer Underwriters or the Placing Underwriters); or
- (vi) that our Company withdraws this prospectus and/or the Application Forms; or
- (vii) that approval by the Listing Division of the Stock Exchange of the listing of, and permission to deal in, the Shares in issue and to be issued under the Share Offer (including any additional Shares that may be issued pursuant to the exercise of the Offer Size Adjustment Option) and upon exercise of the options that may be granted under the Share Option Scheme is refused or not granted, other than subject to customary conditions, on or before the date of approval of the Listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (viii) that any of the experts described under “E. Other Information — 8. Consents of experts” in Appendix IV to this prospectus, has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters and/or opinions (as the case may be) and references to its name included in the form and context in which it respectively appears.

UNDERTAKINGS 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 commencement of dealing), except in certain circumstances prescribed by Rule 17.29 of the GEM Listing Rules.

UNDERWRITING

Undertaking by our Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has jointly and severally undertaken to the Stock Exchange and our Company that he/it shall not and shall procure the relevant registered holder(s) shall not, save as permitted under the GEM Listing Rules:

- (a) in 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 six months from the date on which dealings in the Shares commence on the Stock Exchange (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 securities of our Company (save (i) pursuant to a pledge or charge in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) as security for a bona fide commercial loan; (ii) pursuant to a power of sale under such pledge or charge granted pursuant to sub-paragraph (a)(i) aforementioned; (iii) on the death of any of our Controlling Shareholders; or (iv) in any other exceptional circumstances to which the Stock Exchange has given its prior approval) in respect of which he/it is shown by this prospectus to be the beneficial owner (within the meaning of Rule 13.16A(2) of the GEM Listing Rules (whether direct or indirect)); and
- (b) in the period of six months commencing from the expiry of the First Six-Month Period (the “**Second Six-Month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances (save (i) pursuant to a pledge or charge in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) as security for a bona fide commercial loan; (ii) pursuant to a power of sale under such pledge or charge granted pursuant to sub-paragraph (b)(i) aforementioned; (iii) on the death of any of them; or (iv) in any other exceptional circumstances to which the Stock Exchange has given its prior approval) in respect of, any of the Shares referred to in the paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it individually, or together with each other as a group, would cease to be a Controlling Shareholders.

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 our Company, at any time during the First Six-Month Period and the Second Six-Month Period, he/it shall:

- (a) in the event that they pledge or charge any direct or indirect interest in relevant securities of our Company under 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 in writing of such pledge or charge, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and

UNDERWRITING

- (b) having pledged or charged any interest in Shares under sub-paragraph (a) above, inform our Company immediately in writing, in the event they become aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of securities affected.

Our Company will inform the Stock Exchange as soon as it has been informed of such matters and must forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 17.43 of the GEM Listing Rules.

UNDERTAKINGS PURSUANT TO THE PUBLIC OFFER UNDERWRITING AGREEMENT

Our Company has undertaken to the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) that, our Company will not, and will procure that our subsidiaries will not, without the prior written consents of the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) (such consent not be unreasonably withheld) and unless in compliance with the GEM Listing Rules, at any time during the period commencing on the date of the Public Offer Underwriting Agreement and ending on the expiry of the six months after the Listing Date:

- (i) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or 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, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any of its share capital, debt capital or any securities of our Company or any of the subsidiaries or any interest therein or any voting right or any other right attaching thereto (including but not limited to, any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or interest therein) save as pursuant to the repurchase mandate granted by the shareholders of our Company to our Directors which details are set out in Appendix IV to this prospectus; 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 share capital or securities or any interest therein or any voting right or any other right attaching thereto; or
- (iii) enter into any transaction with the same economic effect as any foregoing transaction described in paragraphs (i) or (ii) above; or
- (iv) agree or contract to, or publicly announce any intention to enter into, any foregoing transaction described in paragraphs (i), (ii) or (iii) above,

whether any of the foregoing transactions described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, provided that the foregoing restrictions shall not apply to the issue of Shares by our Company pursuant to the Capitalisation Issue and the Share Offer (including upon the exercise of the Offer Size Adjustment

UNDERWRITING

Option) and upon the exercise of the options which may be granted under the Share Option Scheme; and our Company further agrees that, in the event of an issue or disposal of any Shares or any interest therein or any voting right or any other right attaching thereto during the Second Six-Month Period, our Company will take all reasonable steps to ensure that such issue or disposal will not create a disorderly or false market in the securities of our Company.

Each of our Controlling Shareholders has jointly as a group and severally undertaken with our Company, the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) that, except pursuant to the Share Offer (including the exercise of Offer Size Adjustment Option), he/it will not, without the prior written consents of the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters), and unless in compliance with the requirements of the GEM Listing Rules:

- (i) at any time during the period commencing on the date of the Public Offer Underwriting Agreement and ending on the expiry of the six months after the Listing Date, 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 for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital, debt capital or other securities of our Company or any interest therein held by him/it or any voting right or any other right attaching thereto (including but not limited, to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of our Company or any interest therein) whether currently held or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein or any voting right or any other right attaching thereto, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so, provided that the restriction shall not apply to any pledge or charge of Shares by our Controlling Shareholders in favour of an authorised institution as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan;
- (ii) at any time during the six-month period immediately following the period referred to in paragraph (i) above, enter into any of the transactions described in paragraph (i) above if, immediately following such transaction, he/it would, together as a group, cease to be a Controlling Shareholder provided that the restriction shall not apply to any pledge or charge of Shares by our Controlling Shareholders in favour of an authorised institution as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan; and

in the event of a disposal by him/it of any share capital or any interest therein or any voting right or any other right attaching thereto during the period referred to in paragraph (ii) above, he/it will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for the Shares or other securities of our Company.

UNDERWRITING

PLACING

In connection with the Placing, our Company expects to enter into the Placing Underwriting Agreement with, among others, our Controlling Shareholders, the Sole Sponsor, the Sole Bookrunner and the Placing Underwriters. Under the Placing Underwriting Agreement, the Placing Underwriters will severally, but not jointly or jointly and severally, agree to subscribe or procure subscribers for the Placing Shares 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 sub-section headed “Underwriting — Undertakings pursuant to the Public Offer Underwriting Agreement” in this prospectus.

COMMISSION AND EXPENSES

The Underwriters will receive an underwriting commission of 3.0% on the aggregate Offer Price of all the Offer Shares, out of which any sub-underwriting commission and praecipium will be paid.

The aggregate of the underwriting commissions, documentation fee, listing fees, Stock Exchange trading fee and transaction levy, legal and printing and other professional fees and expenses relating to the Share Offer is estimated to amount to approximately HK\$21.0 million in total, based on the Offer Price of HK\$0.70 per Offer Share, being midpoint of the indicative Offer Price range.

UNDERWRITERS’ INTERESTS IN OUR COMPANY

The Sole Bookrunner and other Underwriters will receive an underwriting commission. Particulars of these underwriting commission, incentive fee and expenses are set out in the paragraph headed “Commission and expenses” in this section of the prospectus for further details.

Our Company has appointed Innovax Capital Limited as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second financial year commencing after the Listing Date, or until the agreement is terminated, whichever is earlier.

Other than pursuant to the Underwriting Agreements, none of the Underwriters has any shareholding in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

UNDERWRITING

Following the completion of the Share Offer, the Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Underwriting Agreements.

SOLE SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 6A.07 of the GEM Listing Rules.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

The Share Offer comprises:

- (i) the Public Offer of 9,300,000 Public Offer Shares (subject to reallocation as mentioned below) in Hong Kong; and
- (ii) the Placing of an aggregate of 83,700,000 Placing Shares being offered by our Company for subscription (subject to reallocation and the Offer Size Adjustment Option as mentioned below).

Investors may apply for Offer Shares under the Public Offer or, if qualified to do so, apply for or indicate an interest for Offer Shares under the Placing, but may not do both.

The Offer Shares will represent 25% of the enlarged issued share capital of our Company immediately after completion of the Share Offer and the Capitalisation Issue.

THE PUBLIC OFFER

Number of the Public Offer Shares

The Public Offer is a fully underwritten public offer (subject to satisfaction or waiver of the other conditions provided in the Public Offer Underwriting Agreement and described in the paragraph headed “Conditions of the Share Offer” in this section of the prospectus) for the subscription in Hong Kong of initially 9,300,000 Public Offer Shares (representing 10% of the total number of the Offer Shares initially available under the Share Offer) at the Offer Price. Subject to the reallocation of Offer Shares between the Placing and the Public Offer described below, the Public Offer Shares will represent 2.5% of our enlarged issued share capital immediately after completion of the Share Offer and the Capitalisation Issue, without taking into account any Shares which fall to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

Allocation

The Public Offer is open for subscription to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. Professional 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. The allocation of the Public Offer Shares to investors will be based solely on the level of valid applications received under the Public Offer at the sole discretion of the Sole Bookrunner.

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not indicated an interest for or taken up and

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

will not indicate an interest for or take up any Placing Shares in the Placing, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue, as the case may be.

The Sole Bookrunner (for itself and on behalf of the Underwriters) may, where they deem appropriate, based on the level of applications in the Public Offer, and with the consent of our Company, reduce the number of Offer Shares offered and/or the Offer Price range below that stated in this prospectus at any time on or 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 for lodging applications under the Public Offer, cause to be published on the websites of our Company and the Stock Exchange at www.doublegain.hk and www.hkexnews.hk, respectively, notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range.

Reallocation

The allocation of the Offer Shares between the Public Offer and the Placing is subject to adjustment. If the number of Shares validly applied for under the Public Offer represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, or (iii) 100 times or more of the number of Shares initially available under the Public Offer, then the Offer Shares will be reallocated to the Public Offer from the Placing, such that the total number of Shares available under the Public Offer will be increased to 27,900,000 Shares (in the case of (i)), 37,200,000 Shares (in the case of (ii)) and 46,500,000 Shares (in the case of (iii)) representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Share Offer, respectively. In each case, the number of the Placing Shares allocated to the Placing will be correspondingly reduced in such manner as the Sole Bookrunner deems appropriate. In addition, the Sole Bookrunner may, in its sole discretion, allocate the Placing Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer.

If the Public Offer Shares are not fully subscribed, the Sole Bookrunner has the discretion to reallocate to the Placing all or any unsubscribed Public Offer Shares in such numbers as it 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 the Sole Bookrunner (for itself and on behalf of the Underwriters).

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

PLACING

Number of the Placing Shares

The number of the Offer Shares to be initially offered for subscription under the Placing will be 83,700,000 Placing Shares (subject to reallocation and the Offer Size Adjustment Option as described below), representing 90% of the Offer Shares initially available under the Share Offer. The Placing will be fully underwritten by the Placing Underwriters.

Allocation

The Placing will include selective marketing of Offer Shares to institutional and professional investors and/or other investors expected to have a sizeable demand for such Offer Shares. Professional 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.

Pursuant to the Placing, the Placing Shares will be conditionally placed on our behalf by the Placing Underwriters or through selling agents appointed by them. The Placing is subject to the Public Offer becoming unconditional.

Allocation of the Placing Shares to investors under the Placing will be determined by the Sole Bookrunner and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not the relevant investor is likely to buy further, and/or hold or sell its Placing 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 an appropriate shareholder base to our benefit and the benefit of the Shareholders as a whole.

Reallocation

The total number of Offer Shares to be issued pursuant to the Placing may change as a result of the clawback arrangement as described above in the paragraph headed "The Public Offer — Reallocation" in this section of the prospectus in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Public Offer.

The Sole Bookrunner (for itself and on behalf of the Underwriters), may require any investor who has been offered Offer Shares under the Placing and who has made an application under the Public Offer to provide sufficient information to the Sole Bookrunner so as to allow them to identify the relevant applications under the Public Offer and to ensure that such investor is excluded from any application of Placing Shares under the Placing.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

OFFER SIZE ADJUSTMENT OPTION

Pursuant to the Placing Underwriting Agreement, it is expected that we will grant to the Placing Underwriters the Offer Size Adjustment Option, which is exercisable by the Sole Bookrunner (for itself and on behalf of the Placing Underwriters) in its sole and absolute discretion on or before 6:00 p.m. on the business day immediately before the date of the allotment results announcement in writing, to require our Company to allot and issue up to 13,950,000 additional Shares at the Offer Price, representing 15% of the total number of Shares initially available for subscription under the Share Offer. Any such additional Shares may be issued to cover any excess demand in the Share Offer at the absolute discretion of the Sole Bookrunner.

For the avoidance of doubt, the purpose of the Offer Size Adjustment Option is to provide flexibility for the Sole Bookrunner to meet any excess demand in the Placing. The Offer Size Adjustment Option will not be used for price stabilisation purposes and will not be subject to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). No purchase of the Shares in the secondary market will be effected to cover any excess demand in the Placing which will only be satisfied by the exercise of the Offer Size Adjustment Option in full or in part.

We will disclose in our allotment results announcement whether and to what extent the Offer Size Adjustment Option has been exercised, and will confirm in the announcement that, if the Offer Size Adjustment Option is not exercised by then, the Offer Size Adjustment Option will lapse and cannot be exercised on any future date. The allotment results announcement will be published on the website of the Stock Exchange at www.hkexnews.hk and our website at www.doublegain.hk.

In the event that the Offer Size Adjustment Option is exercised in full, 13,950,000 additional Shares will be issued resulting in a total number of 385,950,000 Shares in issue and the shareholding of the Shareholders will be diluted by approximately 3.6%.

If the Offer Size Adjustment Option is exercised in full, the additional net proceeds received from the placing of the additional Shares allotted and issued will be allocated in accordance with the allocations as disclosed in the section headed “Future plans and use of proceeds” in this prospectus.

DETERMINING THE OFFER PRICE

The Offer Price is expected to be determined by an agreement between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on Monday, 5 February 2018. Prospective investors should be aware that if the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on Friday, 9 February 2018 (or such other date as may be agreed between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters)), the Share Offer will not proceed and will lapse.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The Offer Price will not be more than HK\$0.80 per Offer Share and is expected to be not less than HK\$0.60 per Offer Share. The Sole Bookrunner (for itself and on behalf of the Underwriters) may, with the consent of our Company, reduce the indicative Offer Price range to below the above stated in this prospectus at any time prior to the Price Determination Date. If this occurs, notice of reduction of the indicative Offer Price range will be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.doublegain.hk. Such notice will also include confirmation or revision, as appropriate, of the offering statistics as currently set out in the section headed "Summary" in this prospectus and any other financial information which may change as a result of such reduction. The Offer Price, if agreed upon, will be fixed within such revised Offer Price range. Upon issue of such a notice, the number of Offer Shares offered in the Share Offer and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range. In the absence of the publication of any such notice, the Offer Price shall under no circumstances be set outside the Offer Price range indicated in this prospectus. If the number of Offer Shares and/or the Offer Price range is reduced, applicants under the Public Offer will be entitled to withdraw their applications, unless positive confirmations from the applicants to proceed are received.

Before submitting applications for the Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range and/or number of Offer Shares may not be made until the day which is the last day for lodging applications under the Public Offer.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$0.80 per Offer Share and is expected to be not less than HK\$0.60 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Public Offer must pay, on application, the maximum Offer Price of HK\$0.80 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, amounting to a total of HK\$3,232.25 for one board lot of 4,000 Shares. If the Offer Price as finally determined in the manner described below is less than HK\$0.80 per Public Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants without interest. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the minimum Offer Price stated in this prospectus.

ANNOUNCEMENT OF THE BASIS OF ALLOCATIONS

The final Offer Price, the level of indications of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares are expected to be announced on Monday, 12 February 2018 on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.doublegain.hk.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for Offer Shares will be conditional on, among other things:

- (i) the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue (including the Shares to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme) and the Share Offer (including any Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option) on GEM of the Stock Exchange, and such listing and permission not having been subsequently revoked;
- (ii) the Offer Price having been duly determined in accordance with the terms of the Underwriting Agreements and the execution and delivery of the Placing Underwriting Agreement on or about the Price Determination Date; and
- (iii) the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any condition(s) thereunder by the Sole Bookrunner on behalf of the Underwriters) and such obligations not having been terminated in accordance with the terms of the respective Underwriting Agreements or otherwise,

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 date which is 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 the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be published by our Company on the websites of our Company and the Stock Exchange at www.doublegain.hk and www.hkexnews.hk respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in “How to apply for Public Offer Shares — 13. Refund of application monies”. 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 licenced under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares are expected to be issued on Monday, 12 February 2018 and will only become valid certificates of title at 8:00 a.m. on Tuesday, 13 February 2018 provided that (i) the Share Offer has become unconditional in all respects; and (ii) the right of termination as described in “Underwriting — Public Offer underwriting arrangements — Grounds for termination” has not been exercised at or before that time.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

All necessary arrangements have been made for the Shares to be admitted into CCASS. Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange and our 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 date of commencement of dealings in the Shares on the Stock Exchange or under contingent situation, 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. If you are unsure about the details of CCASS settlement arrangements and how such arrangements will affect your rights and interests, you should seek the advice of your stockbrokers or other professional advisers.

DEALING ARRANGEMENTS

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, 13 February 2018, it is expected that dealing in the Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, 13 February 2018. The Shares will be traded in board lots of 4,000 Shares each and the stock code of the Shares is 8522.

HOW TO APPLY FOR PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for the Public Offer Shares, then you may not apply for or indicate an interest for the Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk; 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 Sole Bookrunner, the **HK eIPO White Form** Service Provider 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 apply online through the **HK eIPO White Form** service, in addition to the above, you must also:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

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.

HOW TO APPLY FOR PUBLIC OFFER SHARES

If an application is made by a person under a power of attorney, our Company and the Sole Bookrunner may accept or reject 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 and they may not apply by means of the **HK eIPO White Form** service 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 core connected person (as defined in the GEM Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Share Offer;
- a close associate (as defined in the GEM Listing Rules) of any of the above; and
- have been allocated or have applied for or indicated an interest in any Placing Shares 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 or apply online through www.hkeipo.hk.

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.

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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 Tuesday, 30 January 2018 till 12:00 noon on Friday, 2 February 2018 from:

- (i) any of the following addresses of the Public Offer Underwriters:

Head & Shoulders Securities Limited

Room 2511
25/F Cosco Tower
183 Queen's Road Central
Hong Kong

Innovax Securities Limited

Unit A-C, 20/F, Neich Tower
128 Gloucester Road
Wan Chai
Hong Kong

Get Nice Securities Limited

10/F Cosco Tower
Grand Millennium Plaza
183 Queen's Road Central
Hong Kong

Paragon Securities Limited

Unit 7, 11th Floor, Emperor Group Centre
288 Hennessy Road
Wan Chai
Hong Kong

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(ii) any of the following branches of the receiving bank:

DBS Bank (Hong Kong) Limited

<u>District</u>	<u>Branch</u>	<u>Address</u>
Hong Kong Island	United Centre Branch	Shops 1015-1018, 1/F & Shops 2032-2034, 2/F, United Centre, 95 Queensway, Admiralty
	Aberdeen Branch	Shops A & B, G/F, Units A & B, 1/F, On Tai Building, 1-3 Wu Nam Street, Aberdeen
Kowloon	Amoy Plaza Branch	Shops G193-195, Amoy Plaza, 77 Ngau Tau Kok Road, Ngau Tau Kok, Kowloon
New Territories	Ma On Shan Branch	Shop 205-206, Level 2, Ma On Shan Plaza, Ma On Shan

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 30 January 2018 till 12:00 noon on Friday, 2 February 2018 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 — Gain Plus Holdings 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:

Tuesday, 30 January 2018	—	9:00 a.m. to 5:00 p.m.
Wednesday, 31 January 2018	—	9:00 a.m. to 5:00 p.m.
Thursday, 1 February 2018	—	9:00 a.m. to 5:00 p.m.
Friday, 2 February 2018	—	9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 2 February 2018, the last application day or such later time as described in paragraph headed "10. Effect of bad weather on the opening of the applications lists" in this section of the prospectus.

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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 or applying through the **HK eIPO White Form** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Bookrunner (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 (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and the Articles of Association;
- (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 Sole Bookrunner, the Joint Lead Managers, the Public Offer Underwriters, 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, our Hong Kong Branch Share Registrar, receiving bank, the Sole Bookrunner, the Joint Lead Managers, the Public Offer Underwriters 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;

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- (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 Sole Bookrunner, the Joint Lead Managers and the Public Offer Underwriters 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 e-Auto Refund payment instructions 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 have chosen 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, the Sole Bookrunner, the Joint Lead Managers and the Public Offer Underwriters, their respective directors, officers or representatives or any other person or party 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;

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- (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 or through the **HK eIPO White Form Service Provider** 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 or through the **HK eIPO White Form Service Provider**; 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 THROUGH HK EIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in the paragraph headed “2. Who can apply” in this section of the prospectus, may apply through the **HK eIPO White Form** service for the Public Offer Shares to be allotted and registered in their own names through the designated website at www.hkeipo.hk.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website at www.hkeipo.hk, you authorise the **HK eIPO White Form Service Provider** to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** Service Provider at www.hkeipo.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Tuesday, 30 January 2018 until 11:30 a.m. on Friday, 2 February 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon Friday, 2 February 2018 or such later time under the paragraph headed “10. Effect of bad weather on the opening of the applications lists” in this section of the prospectus.

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No Multiple Applications

If you apply by means of the **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

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 applicant 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).

6. 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 +852 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.

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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 Sole Bookrunner 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;
 - 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 Offer Shares under the Placing;
 - agree to accept the Public Offer Shares applied for or any lesser number allocated;
 - (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, our Directors, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Underwriters, their respective directors, officers or representatives or any other person or party involved in the Share Offer will rely on your declarations and

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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 Sole Bookrunner, the Joint Lead Managers, the Public Offer Underwriters, 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, our Hong Kong Branch Share Registrar, receiving bank, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Public Offer Underwriters 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

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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 our Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; 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

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- 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 4,000 Public Offer Shares. Instructions for more than 4,000 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:

Tuesday, 30 January 2018	—	9:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, 31 January 2018	—	8:00 a.m. to 8:30 p.m.⁽¹⁾
Thursday, 1 February 2018	—	8:00 a.m. to 8:30 p.m.⁽¹⁾
Friday, 2 February 2018	—	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 Tuesday, 30 January 2018 until 12:00 noon on Friday, 2 February 2018 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 2 February 2018, the last application day or such later time as described in the paragraph headed “10. Effect of bad weather on the opening of the application lists” in this section of the prospectus.

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.

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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 Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Public Offer Underwriters 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.

7. 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. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. 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 Sole Bookrunner, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service 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/CASS 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 Friday, 2 February 2018 or such later time as described in the paragraph headed “10. Effect of bad weather on the opening of the applications lists” in this section of the prospectus.

8. 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

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- 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 (whether individually or jointly) or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, 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).

9. HOW MUCH TO PAY FOR 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 Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 4,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk.

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If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are 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 paragraph headed “Structure and conditions of the Share Offer — Determining the Offer Price”.

10. 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. to 12:00 noon on Friday, 2 February 2018. Instead they will open between 11:45 a.m. to 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. to 12:00 noon.

If the application lists do not open and close on Friday, 2 February 2018 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” in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indications of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Monday, 12 February 2018 on our Company’s website at www.doublegain.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.doublegain.hk and the Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m. on Monday, 12 February 2018;
- 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 Monday, 12 February 2018 to 12:00 midnight Tuesday, 20 February 2018;
- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Monday, 12 February 2018 to Thursday, 15 February 2018;

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- in the special allocation results booklets which will be available for inspection during opening hours from Monday, 12 February 2018 to Wednesday, 14 February 2018 at all the designated branches of receiving bank.

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”.

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.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG 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 or the **HK eIPO White Form** service, 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 and 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 announcement of the results of

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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 our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Bookrunner, the **HK eIPO White Form Service Provider** 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 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 Stock Exchange notifies our 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;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- 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 Sole Bookrunner believe(s) that by accepting your application, it or they would violate applicable securities or other laws, regulations or rules; or
- your application is for more than 100% of the Public Offer Shares initially offered under the Public Offer.

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13. 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\$0.80 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 the section headed “Structure and 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 Monday, 12 February 2018.

14. 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 our Shares. No receipt will be issued for sums paid on application.

If you apply by **WHITE** or **YELLOW** Application Forms, 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 Hong Kong 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).

HOW TO APPLY FOR PUBLIC OFFER SHARES

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 around Monday, 12 February 2018. 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 the Listing Date provided that the Share Offer has become unconditional and the right of termination described in the section headed "Underwriting" in 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 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 Monday, 12 February 2018 or such other date as notified by us.

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 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 Monday, 12 February 2018, 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 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Monday, 12 February 2018, by ordinary post and at your own risk.

HOW TO APPLY FOR PUBLIC OFFER SHARES

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 Monday, 12 February 2018, 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 the paragraph headed "11. Publication of results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 12 February 2018 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 through the HK eIPO White Form service*

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from 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 Monday, 12 February 2018, or such other date as notified by our Company as the date of despatch/collection of share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Monday, 12 February 2018 by ordinary post at your own risk.

HOW TO APPLY FOR PUBLIC OFFER SHARES

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) *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 Monday, 12 February 2018, 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, our 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 paragraph headed "11. Publication of results" above on Monday, 12 February 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 12 February 2018 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 Monday, 12 February 2018. Immediately following the credit of the Public Offer Shares to your stock account

HOW TO APPLY FOR PUBLIC OFFER SHARES

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 of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 12 February 2018. No interest will be paid thereon.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our 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 our 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 set out on pages I-1 to I-40, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte.**德勤****ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION
TO THE DIRECTORS OF GAIN PLUS HOLDINGS LIMITED AND INNOVAX CAPITAL
LIMITED****Introduction**

We report on the historical financial information of Gain Plus Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-40, which comprises the combined statements of financial position as at 31 March 2016, 31 March 2017 and 31 July 2017, the statement of financial position of the Company as at 31 July 2017 and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the two years ended 31 March 2017 and the four months ended 31 July 2017 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-40 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 January 2018 (the "Prospectus") in connection with the initial listing of shares of the Company on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical 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 the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 March 2016, 31 March 2017 and 31 July 2017, of the Company's financial position as at 31 July 2017 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation as set out in note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the four months ended 31 July 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review 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. A review consists of making inquiries, 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. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**Adjustments**

The Historical Financial Information is stated after making such adjustments to the Underlying Financial Statements as defined on page I-4 as were considered necessary.

Dividends

We refer to note 12 to the Historical Financial Information which contains information about the dividends paid by a subsidiary of the Company in respect of the Track Record Period and states that no dividend has been paid or distributed by the Company since its incorporation.

No historical financial statements for the Company

No financial statements have been prepared for the Company since its date of incorporation.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

30 January 2018

HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on the consolidated financial statements of Nation Max Holdings Limited ("Nation Max") and its subsidiary ("Nation Max Financial Statements") and the management accounts of the Company for the Track Record Period (collectively known as "Underlying Financial Statements"). Nation Max Financial Statements have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Hong Kong dollar ("HK\$") and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 March		Four months ended 31 July	
		2016	2017	2016	2017
		HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
Revenue	6	255,997	430,524	114,218	97,223
Cost of services		<u>(239,553)</u>	<u>(398,509)</u>	<u>(106,674)</u>	<u>(89,659)</u>
Gross profit		16,444	32,015	7,544	7,564
Other income and gains	8	1,829	1,869	583	72
Administrative expenses		(4,681)	(5,816)	(1,532)	(2,478)
Listing expenses		—	—	—	(3,580)
Finance costs	9	<u>(83)</u>	<u>(76)</u>	<u>(32)</u>	<u>(47)</u>
Profit before taxation		13,509	27,992	6,563	1,531
Income tax expense	10	<u>(2,129)</u>	<u>(4,366)</u>	<u>(990)</u>	<u>(825)</u>
Profit and total comprehensive income for the year/period	11	<u>11,380</u>	<u>23,626</u>	<u>5,573</u>	<u>706</u>

STATEMENTS OF FINANCIAL POSITION

	Notes	The Group		The Company	
		At 31 March		As at	As at
		2016	2017	31 July	31 July
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Plant and equipment	15	1,056	1,725	2,558	—
Deposits for acquisition of plant and equipment		126	166	189	—
Amounts due from shareholders	18	14,372	—	—	—
		<u>15,554</u>	<u>1,891</u>	<u>2,747</u>	<u>—</u>
Current assets					
Trade and other receivables	16	26,700	47,212	57,705	1,078
Amounts due from customers for contract work	17	24,752	32,290	55,507	—
Amounts due from shareholders	18	274	18,419	18,419	—
Bank balances and cash	19	2,976	6,412	10,490	—
		<u>54,702</u>	<u>104,333</u>	<u>142,121</u>	<u>1,078</u>
Current liabilities					
Trade and other payables	20	17,921	29,018	44,765	—
Amounts due to customers for contract work	17	17,230	26,866	27,547	—
Amount due to a related company	21	—	—	—	4,658
Tax payable		4,680	3,732	4,491	—
Obligations under finance leases	22	567	699	919	—
		<u>40,398</u>	<u>60,315</u>	<u>77,722</u>	<u>4,658</u>
Net current assets (liabilities)		<u>14,304</u>	<u>44,018</u>	<u>64,399</u>	<u>(3,580)</u>
Total assets less current liabilities		<u>29,858</u>	<u>45,909</u>	<u>67,146</u>	<u>(3,580)</u>
Non-current liabilities					
Obligations under finance leases	22	883	1,213	1,678	—
Deferred tax liabilities	23	31	89	155	—
		<u>914</u>	<u>1,302</u>	<u>1,833</u>	<u>—</u>
Net assets (liabilities)		<u>28,944</u>	<u>44,607</u>	<u>65,313</u>	<u>(3,580)</u>
Capital and reserves					
Share capital	24	10	10	8	—
Reserves	25	28,934	44,597	65,305	(3,580)
Total equity (deficit)		<u>28,944</u>	<u>44,607</u>	<u>65,313</u>	<u>(3,580)</u>

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Capital reserve	Other reserve	Retained earnings	Total
	HK\$'000	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000	HK\$'000
At 1 April 2015	10	—	(1,962)	27,118	25,166
Profit and total comprehensive income for the year	—	—	—	11,380	11,380
Dividend paid (<i>note 12</i>)	—	—	—	(6,227)	(6,227)
Deemed distribution (<i>note 18</i>)	—	—	(1,375)	—	(1,375)
At 31 March 2016	<u>10</u>	<u>—</u>	<u>(3,337)</u>	<u>32,271</u>	<u>28,944</u>
Profit and total comprehensive income for the year	—	—	—	23,626	23,626
Dividend paid (<i>note 12</i>)	—	—	—	(7,963)	(7,963)
At 31 March 2017	<u>10</u>	<u>—</u>	<u>(3,337)</u>	<u>47,934</u>	<u>44,607</u>
Profit and total comprehensive income for the period	—	—	—	706	706
Issue of shares by Double Gain Engineering Limited (“Double Gain”)	20,000	—	—	—	20,000
Issue of shares by Nation Max to acquire controlling interest of Double Gain as part of the group reorganisation	<u>(20,002)</u>	<u>20,002</u>	<u>—</u>	<u>—</u>	<u>—</u>
At 31 July 2017	<u><u>8</u></u>	<u><u>20,002</u></u>	<u><u>(3,337)</u></u>	<u><u>48,640</u></u>	<u><u>65,313</u></u>
(Unaudited)					
At 1 April 2016	10	—	(3,337)	32,271	28,944
Profit and total comprehensive income for the period	—	—	—	5,573	5,573
At 31 July 2016	<u><u>10</u></u>	<u><u>—</u></u>	<u><u>(3,337)</u></u>	<u><u>37,844</u></u>	<u><u>34,517</u></u>

Notes:

- (a) The capital reserve represents the difference between the nominal value of share capital of Nation Max and Double Gain upon insertion of Nation Max between Double Gain and its then shareholders as part of the Reorganisation (as defined in Note 2).
- (b) Other reserve represents the differences between the principal amount of amounts due from Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping, both are the shareholders of the Company, and present value of estimated future cash flows discounted at the original effective interest rate, and the differences are recognised directly in equity as deemed distributions.

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
Operating activities				
Profit before taxation	13,509	27,992	6,563	1,531
Adjustments for:				
Depreciation	966	987	370	486
Imputed interest income on amounts due from shareholders	(1,307)	(1,438)	(464)	—
Interest expense	83	76	32	47
Gain on disposal of plant and equipment	—	(63)	(63)	(23)
Operating cash flows before movements in working capital	13,251	27,554	6,438	2,041
Increase in trade and other receivables	(6,042)	(20,512)	(38,401)	(10,493)
Increase in amounts due from customers for contract work	(7,636)	(7,538)	(869)	(23,217)
Increase in trade and other payables	1,994	11,097	28,728	15,747
Increase in amounts due to customers for contract work	7,566	9,636	9,415	681
Cash generated from (used in) operations	9,133	20,237	5,311	(15,241)
Income tax paid	(1,742)	(5,256)	—	—
Net cash from (used in) operating activities	7,391	14,981	5,311	(15,241)
Investing activities				
Repayment from shareholders	2,993	274	75	—
Advances to shareholders	(7,920)	(2,609)	(1,219)	—
Purchase of plant and equipment	(142)	(430)	(377)	(230)
Deposits paid for acquisition of plant and equipment	—	(40)	—	(23)
Proceeds from disposal of plant and equipment	—	70	70	50
Net cash used in investing activities	(5,069)	(2,735)	(1,451)	(203)
Financing activities				
Proceeds from issue of shares by a subsidiary	—	—	—	20,000
Dividend paid	(6,227)	(7,963)	—	—
Repayment of obligations under finance leases	(709)	(771)	(283)	(431)
Interest paid	(83)	(76)	(32)	(47)
Net cash (used in) from financing activities	(7,019)	(8,810)	(315)	19,522
Net (decrease) increase in cash and cash equivalents	(4,697)	3,436	3,545	4,078
Cash and cash equivalents at the beginning of the year/ period	7,673	2,976	2,976	6,412
Cash and cash equivalents at the end of the year/period	2,976	6,412	6,521	10,490

NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1. GENERAL INFORMATION**

The Company was incorporated in the Cayman Islands on 4 July 2017 with limited liability under the Companies Law of the Cayman Islands. The address of the Company's registered office and the principal place of business are disclosed in the "Corporate Information" section of the Prospectus.

The Company is an investment holding company. The principal activities of the Group is provision of building construction services and repair, maintenance, addition and alteration services ("RMAA Services").

The functional currency of the Company is HK\$.

2. REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

In preparation for listing of the Company's shares on the Stock Exchange (the "Listing"), the entities in the Group underwent a group reorganisation (the "Reorganisation") which involves interspersing the Company, Nation Max and other investment holding companies between Double Gain and the then shareholders.

Prior to the Reorganisation, the Group's operating subsidiary, Double Gain, was held as to 50% by Mr. Tsang Chiu Kwan and 50% by Mr. Tsang Man Ping. Both Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping have always been acting in concert in respect of the operations of the Group and therefore they are regarded as the Group's ultimate controlling shareholders (the "Controlling Shareholders").

The principle steps of the Reorganisation are as follows:

- (i) On 29 March 2017, a subscription agreement was entered into between Giant Winchain Limited ("Giant Winchain"), Wealth-In International Development Limited ("Wealth-In"), both are independent third parties, (collectively the "Pre-IPO Investors"), Mr. Tsang Chiu Kwan, Mr. Tsang Man Ping and Double Gain, pursuant to which each of Giant Winchain and Wealth-In subscribed and Double Gain allotted and issued 3,333 shares, of which 3,000 shares and 333 shares to Giant Winchain and Wealth-In respectively, which are all credited as fully paid at the total consideration of HK\$18,000,000 and HK\$2,000,000 respectively. The said 3,333 shares were properly and legally allotted and issued on 1 April 2017. After the said allotment, Double Gain was owned as to 25% by the Pre-IPO Investors and 75% by the Controlling Shareholders.
- (ii) On 24 April 2017, Great Star Investment Group Limited ("Great Star") was incorporated in the British Virgin Islands ("BVI") with limited liability, upon which it was authorised to issue a maximum of 50,000 shares with a par value of US\$1.00 each, of which 1,000 shares were allotted and issued as fully paid to Mr. Tsang Man Ping at par. Great Star was set up as a vehicle of Mr. Tsang Man Ping to hold his interest in the Company.
- (iii) On 25 April 2017, Universe King International Investment Limited ("Universe King") was incorporated in the BVI with limited liability, upon which it was authorised to issue a maximum of 50,000 shares with a par value of US\$1.00 each, of which 1,000 shares were allotted and issued as fully paid to Mr. Tsang Chiu Kwan at par. Universal King was set up as a vehicle of Mr. Tsang Chiu Kwan to hold his interest in the Company.
- (iv) On 16 May 2017, Nation Max was incorporated in the BVI with limited liability and it was authorised to issue a maximum of 50,000 shares with a par value of US\$1.00 each, of which 2,250 shares, 250 shares, 3,750 shares and 3,750 shares respectively were allotted and issued as fully paid to Giant Winchain, Wealth-In, Great Star and Universe King at par.

- (v) On 4 July 2017, the Company was incorporated in the Cayman Islands with limited liability having an authorised share capital of HK\$390,000 divided into 39,000,000 shares of HK\$0.01 each, of which one share was allotted and issued as fully paid to an initial subscriber (who is an independent third party) at par. On the same date, the subscriber share was transferred to Giant Winchain at par and additional 2,249 shares, 250 shares, 3,750 shares and 3,750 shares respectively were allotted and issued as fully paid to Giant Winchain, Wealth-In, Great Star and Universe King at par.
- (vi) On 21 July 2017, Giant Winchain, Wealth-In, Mr. Tsang Chiu Kwan, Mr. Tsang Man Ping and Nation Max entered into a share swap agreement, pursuant to which each of them respectively transferred 3,000 shares, 333 shares, 5,000 shares and 5,000 shares of Double Gain (representing the entire issued share capital in Double Gain held by each of them) to Nation Max. In consideration of the transfer, Nation Max allotted and issued 225 shares and 25 shares to Giant Winchain, Wealth-In respectively, and at the instruction of Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping, allotted and issued 375 shares and 375 shares to Universe King and Great Star respectively. As a result, Double Gain became a wholly-owned subsidiary of Nation Max.
- (vii) On 23 January 2018, Giant Winchain, Wealth-In, Great Star and Universe King and the Company entered into a share swap agreement, pursuant to which each of them respectively transferred 2,475 shares, 275 shares, 4,125 shares and 4,125 shares of Nation Max (representing the entire issued share capital in Nation Max held by each of them) to the Company. In consideration of the transfer, the Company allotted and issued 225 shares, 25 shares, 375 shares and 375 shares to Giant Winchain, Wealth-In, Great Star and Universe King respectively. As a result, Nation Max became a wholly-owned subsidiary of the Company. After the said allotment, the Company was owned as to 25% by the Pre-IPO Investors and 75% by the Controlling Shareholders.

Upon the completion of the above steps, the Company became the holding company of the companies now comprising the Group on 23 January 2018. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group have been prepared as if the group structure upon completion of the Reorganisation had been in existence throughout the Track Record Period, or since their dates of incorporation, where there is a shorter period.

The combined statements of financial position of the Group as at 31 March 2016, 31 March 2017 and 31 July 2017 have been prepared to present the assets and liabilities of the companies now comprising the Group at the carrying amounts shown in the financial statements of the Company, Nation Max and Double Gain as if the current group structure upon completion of the Reorganisation had been in existence at those dates taking into account the respective dates of incorporation, where applicable.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied all the HKFRSs, Hong Kong Accounting Standards (“HKASs”) and amendments issued by HKICPA which are effective for the accounting periods beginning on 1 April 2017 throughout the Track Record Period.

At the date of this report, HKICPA has issued the following new and amendments to HKFRSs that are not yet effective. The Group has not early adopted these new and amendments to HKFRSs.

HKFRS 9	Financial instruments ¹
HKFRS 15	Revenue from contracts with customers and the related amendments ¹
HKFRS 16	Leases ²
HKFRS 17	Insurance contracts ⁴
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 “Financial instruments” with HKFRS 4 “Insurance contracts” ¹
Amendments to HKFRS 9	Prepayment features with negative compensation ²
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ³
Amendments to HKAS 28	As part of the annual improvements to HKFRSs 2014 – 2016 cycle ¹
Amendments to HKAS 28	Long-term interests in associates and joint ventures ²
Amendments to HKAS 40	Transfers of investment property ¹
HK(IFRIC) – Interpretation 22	Foreign currency transactions and advance consideration ¹
HK(IFRIC) – Interpretation 23	Uncertainty over income tax treatments ²

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

² Effective for annual periods beginning on or after 1 January 2019.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2021.

HKFRS 9 “Financial Instruments”

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirement of HKFRS 9 which is relevant to the Group is 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.

In general, the application of the expected credit loss model of HKFRS 9 will result in earlier recognition of credit losses for the respective items.

In the opinion of the directors of the Company, based on the historical experience of the Group, the default rate of the outstanding balances with customers is low. Hence, the directors of the Company anticipate that the application of HKFRS 9 would not have material impact on the Group’s future consolidated financial statements. The above assessments were made based on an analysis of the Group’s financial assets as at 31 July 2017 on the basis of the facts and circumstances that existed at that date. As facts and circumstances may change during the period leading up to the initial date of application of HKFRS 9, which is expected to be 1 April 2018 as the Group does not intend to early apply the standard, the assessment of the potential impact is subject to change.

HKFRS 15 “Revenue from contracts with customers”

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. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Group has assessed that the contracts with customers fulfill the criteria for recognising revenue over time under HKFRS 15. Two methods can be used under HKFRS 15 to measure the Group’s progress towards complete satisfaction of a performance obligation satisfied over time, including output method and input method. In measuring the work progress under HKFRS 15, the Group considers that an output method with reference to payment certificates issued by customers would appropriately depict the transfer of control of goods or services to customers for individual projects under HKFRS 15. So far as the measurement of progress for the Group’s typical contracts is concerned, based on the existing business model of the Group as at 31 July 2017 and assessment performed, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the consolidated financial statements of the Group in the future. However, the directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures.

HKFRS 16 “Leases”

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases 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, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents finance lease

payments as financing cash flows and operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Group has already recognised as asset and a related finance lease liability for the finance lease arrangement where a group entity is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 July 2017, the Group has non-cancellable operating lease commitments of HK\$496,000 as disclosed in note 33. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. The combination of straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to the profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term, but there is no impact on the total expenses recognised over the lease term. The directors of the Company anticipate that the application of HKFRS 16 would not have significant impact on the financial position and performance of the Group comparing with HKAS 17 currently adopted by the Group. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

The directors of the Company anticipates that the application of other new and amendments to HKFRSs and interpretation will have no material impact on the consolidated financial statements of the Group in the future.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with accounting policies which conform with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of assets".

The principal accounting policies are set out below.

Basis of combination

The Historical Financial Information incorporates the financial statements of the entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Combination of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Track Record Period are included in the combined statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from construction contracts including provision of building construction services, repair, maintenance and addition and alteration services is recognised on the percentage of completion method. The Group's policy for recognition of revenue from construction is described in accounting policy for construction contracts below.

Handling income is recognised when services are provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Construction contracts

Where 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 each reporting period, measured by reference to the certified value of work carried to date as a percentage of total contract value. Variations in contract work are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the combined statements of financial position, as a liability, as advances received from customers. Amounts billed for work performed but not yet paid by the customer are included in the combined statements of financial position under trade and other receivables.

Borrowing costs

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.

Other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Retirement benefit costs

Payments to defined contribution retirement benefits schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from 'profit before taxation' as reported in the combined statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liabilities for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Such deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Plant and equipment

Plant and equipment are stated in the combined statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair values of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, amounts due from shareholders and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period or observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of a group entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and other payables and amount due to a related company) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment on tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The 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.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Construction contracts

Revenue from construction contract is recognised under the percentage of completion method which requires estimation made by the management of the Group. Anticipated losses are fully provided on contracts when identified. The management of the Group estimates the contract costs and foreseeable losses of construction based on the budgets prepared for the contracts. Because of the nature of the activities undertaken in construction businesses, the management of the Group reviews and revises the estimates of contract costs in the budget prepared for each contract as the contract progresses. Where the contract revenue is less than expected or actual contract costs are more than expected, the gross profit may need to be adjusted downward or additional losses may need to be recognised. As at 31 March 2016, 31 March 2017 and 31 July 2017, the carrying amounts of amounts due from customers for contract work are HK\$24,752,000, HK\$32,290,000 and HK\$55,507,000 and amounts due to customers for contract work are HK\$17,230,000, HK\$26,866,000 and HK\$27,547,000, respectively.

Estimated impairment of trade and retention receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment 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 (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. The carrying amount of trade and retention receivables as at 31 March 2016, 31 March 2017 and 31 July 2017 was approximately HK\$24,841,000, HK\$41,291,000 and HK\$43,388,000 respectively.

6. REVENUE

Revenue represents the net amounts received and receivable for provision of building construction services and RMAA Services rendered by the Group to customers.

An analysis of the Group's revenue is as follows:

	<u>Year ended 31 March</u>		<u>Four months ended 31 July</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
			(Unaudited)	
Contract revenue from provision of building construction services	49,252	50,953	16,315	14,817
Contract revenue from provision of RMAA Services	<u>206,745</u>	<u>379,571</u>	<u>97,903</u>	<u>82,406</u>
	<u>255,997</u>	<u>430,524</u>	<u>114,218</u>	<u>97,223</u>

7. SEGMENT INFORMATION

The Group focuses primarily on the provision of building construction services and RMAA Services in Hong Kong. The operation of the Group constitutes one single operating and reportable segment. The management of the Group, being the chief operating decision maker of the Group, reviews the revenue and operating results of the Group as a whole which is prepared based on the same accounting policies as set out in note 4 above to make decisions about resource allocation and performance assessment and accordingly no separate segment information is prepared other than entity-wide disclosure.

The Group's revenue from external customers was derived solely from its operations in Hong Kong during the Track Record Period, and the non-current assets of the Group were all located in Hong Kong as at 31 March 2016, 31 March 2017 and 31 July 2017.

Information about major customers

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

	<u>Year ended 31 March</u>		<u>Four months ended 31 July</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u> (Unaudited)	<u>HK\$'000</u>
Customer A	142,462	236,267	51,717	44,505
Customer B	65,544	81,339	20,307	26,464
Customer C (note (i))	N/A	49,872	N/A	10,811
Customer D (note (ii))	<u>N/A</u>	<u>N/A</u>	<u>12,635</u>	<u>N/A</u>

Notes:

- (i) Revenue from the customer was less than 10% of the total revenue of the Group during the year ended 31 March 2016 and the four months ended 31 July 2016.
- (ii) Revenue from the customer was less than 10% of the total revenue of the Group during the years ended 31 March 2016, 31 March 2017 and the four months ended 31 July 2017.

8. OTHER INCOME AND GAINS

	<u>Year ended 31 March</u>		<u>Four months ended 31 July</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u> (Unaudited)	<u>HK\$'000</u>
Gain on disposal of plant and equipment	—	63	63	23
Handling income	122	262	29	48
Imputed interest income on amounts due from shareholders	1,307	1,438	464	—
Safety reward	280	—	—	—
Others	<u>120</u>	<u>106</u>	<u>27</u>	<u>1</u>
	<u>1,829</u>	<u>1,869</u>	<u>583</u>	<u>72</u>

9. FINANCE COSTS

	<u>Year ended 31 March</u>		<u>Four months ended 31 July</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u> (Unaudited)	<u>HK\$'000</u>
Interest on finance leases	<u>83</u>	<u>76</u>	<u>32</u>	<u>47</u>

10. INCOME TAX EXPENSE

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
The income tax expense comprises:				
Current tax:				
Hong Kong Profits Tax	2,142	4,308	948	759
Deferred tax (<i>note 23</i>)	(13)	58	42	66
	<u>2,129</u>	<u>4,366</u>	<u>990</u>	<u>825</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the Track Record Period.

The income tax expense for the year/period can be reconciled to the profit before taxation in the combined statements of profit or loss and other comprehensive income as follows:

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
Profit before taxation	<u>13,509</u>	<u>27,992</u>	<u>6,563</u>	<u>1,531</u>
Tax at Hong Kong Profits Tax rate of 16.5%	2,229	4,619	1,083	253
Tax effect of expenses not deductible for tax purpose	136	2	—	592
Tax effect of deductible temporary differences not recognised	—	(10)	(7)	(20)
Tax effect of income not taxable for tax purpose	(216)	(238)	(86)	—
Others	<u>(20)</u>	<u>(7)</u>	<u>—</u>	<u>—</u>
Income tax expense for the year/period	<u>2,129</u>	<u>4,366</u>	<u>990</u>	<u>825</u>

11. PROFIT FOR THE YEAR/PERIOD

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
Profit for the year/period is arrived at after charging:				
Staff costs				
Gross staff costs (including directors' emoluments below)	22,342	26,866	6,914	8,739
Auditor's remuneration	60	200	20	60
Depreciation of plant and equipment	966	987	370	486
Directors' emoluments (<i>see note 13</i>)	512	1,420	410	560
Minimum lease payments in respect of office and warehouse	132	144	48	118

12. DIVIDENDS

Double Gain distributed dividends in the aggregate amount of HK\$6,227,000 and HK\$7,963,000 respectively for each of the years ended 31 March 2016 and 31 March 2017 to Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping.

The rate of dividend and number of shares ranking for dividend are not presented as such information is not meaningful having regard to the purpose of this report.

No dividends were distributed by the Company or other group entities for the four months ended 31 July 2017.

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments and chief executive's emoluments

Executive directors

Mr. Tsang Chiu Kwan was appointed as an executive director and the chairman of the Company on 27 July 2017. Mr. Tsang Man Ping was appointed as an executive director and chief executive officer of the Company on 27 July 2017. Mr. Lee Alexander Patrick was appointed as an executive director of the Company on 27 July 2017. Details of the emoluments paid or payable by the Group to the directors of the Company including emoluments for their services as employees or directors of group entities prior to becoming the directors of the Company during the Track Record Period for their services rendered are as follows:

Name of directors	Year ended 31 March 2016			
	Fees	Salaries and other allowance	Retirement benefit scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mr. Tsang Chiu Kwan	—	250	6	256
Mr. Tsang Man Ping	—	250	6	256
	—	500	12	512

Year ended 31 March 2017				
Name of directors	Fees	Salaries and other allowance	Retirement benefit scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mr. Tsang Chiu Kwan	—	700	10	710
Mr. Tsang Man Ping	—	700	10	710
	<u>—</u>	<u>1,400</u>	<u>20</u>	<u>1,420</u>
Four months ended 31 July 2016 (Unaudited)				
Name of directors	Fees	Salaries and other allowance	Retirement benefit scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mr. Tsang Chiu Kwan	—	200	5	205
Mr. Tsang Man Ping	—	200	5	205
	<u>—</u>	<u>400</u>	<u>10</u>	<u>410</u>
Four months ended 31 July 2017				
Name of directors	Fees	Salaries and other allowance	Retirement benefit scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mr. Tsang Chiu Kwan	—	274	6	280
Mr. Tsang Man Ping	—	274	6	280
Mr. Lee Alexander Patrick	—	—	—	—
	<u>—</u>	<u>548</u>	<u>12</u>	<u>560</u>

The emoluments of the above directors include those services in connection with the management of the affairs of the companies now comprising the Group during the Track Record Period.

Independent non-executive directors

No independent non-executive directors were appointed by the Company during the Track Record Period. Mr. So Chun Man, Mr. Chen Yeung Tak and Ms. Li Amanda Ching Man were appointed as independent non-executive directors of the Company on 23 January 2018.

None of the directors waived or agreed to waive any emoluments during the Track Record Period.

(b) Employees' emoluments

The five highest paid individuals of the Group during the years ended 31 March 2016, 31 March 2017, the four months ended 31 July 2016 (unaudited) and four months ended 31 July 2017 include nil, two, two (unaudited) and two directors, respectively, details of whose emoluments are set out in note 13(a) above. Details of the five, three, three (unaudited) and three highest paid individuals for the years ended 31 March 2016, 31 March 2017, the four months ended 31 July 2016 (unaudited) and the four months ended 31 July 2017, respectively, are as follows:

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
Salaries and other allowance	1,901	1,449	432	409
Retirement benefit scheme contributions	65	34	12	18
	<u>1,966</u>	<u>1,483</u>	<u>444</u>	<u>427</u>

The emoluments of the highest paid employees were within the following bands:

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	No. of individuals	No. of individuals	No. of individuals (Unaudited)	No. of individuals
Nil to HK\$1,000,000	<u>5</u>	<u>3</u>	<u>3</u>	<u>3</u>

During the Track Record Period, no emoluments were paid by the Group to any of the directors or chief executive or five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. EARNINGS PER SHARE

No earnings per share information is presented as for the purpose of this report its inclusion is not considered meaningful with regard to the Reorganisation and the results of the Group for the Track Record Period that is prepared on a combined basis as set out in note 2.

15. PLANT AND EQUIPMENT

	<u>Leasehold improvements</u>	<u>Furniture, fixtures and equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
COST				
At 1 April 2015	—	99	3,995	4,094
Additions	—	42	100	142
At 31 March 2016	—	141	4,095	4,236
Additions	—	430	1,233	1,663
Disposals	—	—	(730)	(730)
At 31 March 2017	—	571	4,598	5,169
Additions	178	52	1,116	1,346
Disposals	—	(67)	(220)	(287)
At 31 July 2017	178	556	5,494	6,228
DEPRECIATION				
At 1 April 2015	—	26	2,188	2,214
Provided for the year	—	28	938	966
At 31 March 2016	—	54	3,126	3,180
Provided for the year	—	104	883	987
Eliminated on disposals	—	—	(723)	(723)
At 31 March 2017	—	158	3,286	3,444
Provided for the period	26	37	423	486
Eliminated on disposals	—	(40)	(220)	(260)
At 31 July 2017	26	155	3,489	3,670
CARRYING VALUES				
At 31 March 2016	—	87	969	1,056
At 31 March 2017	—	413	1,312	1,725
At 31 July 2017	152	401	2,005	2,558

Depreciation is provided to write off the cost of items of plant and equipment over their estimated useful lives and after taking into account of their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold improvements	50% or the term of the lease, whichever is shorter
Furniture, fixtures and equipment	20%
Motor vehicles	30%

Motor vehicles with carrying amounts of HK\$899,000, HK\$1,272,000 and HK\$1,975,000 as at 31 March 2016, 31 March 2017 and 31 July 2017, respectively are under finance leases arrangement (note 22).

16. TRADE AND OTHER RECEIVABLES

	<u>The Group</u>			<u>The Company</u>
	<u>At 31 March</u>		<u>At 31 July</u>	<u>At 31 July</u>
	<u>2016</u>	<u>2017</u>	<u>2017</u>	<u>2017</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
Trade receivables	20,832	36,738	35,421	—
Retention receivables	4,009	4,553	7,967	—
Prepayments to subcontractors	1,389	5,375	12,814	—
Deferred listing expenses	—	—	1,078	1,078
Other receivables and prepayment	470	546	425	—
Total trade and other receivables	<u>26,700</u>	<u>47,212</u>	<u>57,705</u>	<u>1,078</u>

Trade receivables

Trade receivables represent amounts receivable for works certified after deduction of retention money.

The Group allows a credit period of 30 days to its customers. The extension of credit period to customers may be granted on a discretionary basis by considering the credit worthiness, the customers' financial condition and payment history with the Group. The following is an aged analysis of trade receivables presented based on dates of works certified at the end of each reporting period, net of allowance for doubtful debts.

	<u>At 31 March</u>		<u>At 31 July</u>
	<u>2016</u>	<u>2017</u>	<u>2017</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
1 – 30 days	19,337	29,471	29,338
31 – 60 days	1,165	5,514	3,471
61 – 90 days	—	267	1,428
Over 90 days	330	1,486	1,184
	<u>20,832</u>	<u>36,738</u>	<u>35,421</u>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers. Recoverability of the trade receivables from existing customers is reviewed by the Group regularly.

As at 31 March 2016, 31 March 2017 and 31 July 2017, included in the Group's trade receivable balances were receivables with aggregate carrying amount of HK\$1,495,000, HK\$7,267,000 and HK\$6,083,000, respectively, which were past due for which the Group had not provided for impairment loss as these balances were either subsequently settled or there has not been a significant change in credit quality and the amounts were still considered recoverable. Accordingly, the directors of the Company believe that no impairment loss was required. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired:

	At 31 March		At 31 July
	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000
Overdue			
1 – 30 days	1,165	5,514	3,471
31 – 60 days	—	267	1,428
Over 90 days	330	1,486	1,184
	1,495	7,267	6,083

Retention receivables

Retention receivables represent the retention money withheld from the amounts receivable for work certified. The due date of retention receivables is ranging from 3 months to 2 years from the date of the completion of respective project. Retention receivables are unsecured, interest-free and recoverable at the end of the defective liability period of respective contract.

The following is an aged analysis of retention receivables which are to be settled, based on invoice date of respective project, at the end of each reporting period.

	At 31 March		At 31 July
	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000
Within one year	2,837	2,646	2,739
After one year	1,172	1,907	5,228
	4,009	4,553	7,967

In determining the recoverability of trade and retention receivables, the Group considers any change in credit quality of the trade and retention receivables from the date credit was initially granted up to the end of each reporting period.

17. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	At 31 March		At 31 July
	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000
Contracts in progress at the end of each reporting period:			
Contract costs incurred plus recognised profits less recognised losses	673,834	888,028	842,361
Less: Progress billings	<u>(666,312)</u>	<u>(882,604)</u>	<u>(814,401)</u>
	<u>7,522</u>	<u>5,424</u>	<u>27,960</u>
Analysed for reporting purposes as:			
Amounts due from customers for contract work	24,752	32,290	55,507
Amounts due to customers for contract work	<u>(17,230)</u>	<u>(26,866)</u>	<u>(27,547)</u>
	<u>7,522</u>	<u>5,424</u>	<u>27,960</u>

As at 31 March 2016, 31 March 2017 and 31 July 2017, retention receivables held by customers for contract work amounting to HK\$4,009,000, HK\$4,553,000 and HK\$7,967,000, respectively, were set out in note 16. Advances received from customers at 31 March 2016, 31 March 2017 and 31 July 2017 are HK\$2,457,000, HK\$4,494,000 and HK\$516,000, respectively, were set out in trade and other payables in note 20.

18. AMOUNTS DUE FROM SHAREHOLDERS

Name of shareholder	Principal Amounts				Maximum amount outstanding during			
	At 1 April	At 31 March	At 31 July	At 31 July	the year ended 31 March		the four months ended 31 July	
	2015	2016	2017	2017	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
— Mr. Tsang Chiu Kwan (Note)	5,490	8,043	9,149	9,149	8,964	9,348	8,651	9,149
— Mr. Tsang Man Ping (Note)	<u>5,667</u>	<u>8,041</u>	<u>9,270</u>	<u>9,270</u>	<u>8,041</u>	<u>9,292</u>	<u>8,576</u>	<u>9,270</u>
	<u>11,157</u>	<u>16,084</u>	<u>18,419</u>	<u>18,419</u>				
Carrying value analysed for reporting purposes as:								
Current assets		274	18,419	18,419				
Non-current assets		<u>14,372</u>	<u>—</u>	<u>—</u>				
		<u>14,646</u>	<u>18,419</u>	<u>18,419</u>				

The balances are non-trade in nature, unsecured, interest-free and repayable on demand.

Note: Included in the amounts due from shareholders were advances provided by the Group to Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping with an aggregate carrying amount of HK\$9,788,000 as at 1 April 2015. These advances were unsecured, non-interest bearing and have no fixed terms of repayment. The management of the Group did not expect the amounts due from shareholders as at 31 March 2016 with a principal amount of HK\$16,084,000 will be repaid within twelve months. The amounts were discounted using an effective interest rate of 10% per annum and the amounts were classified as non-current assets. The imputed interest income recognised in profit or loss for the years ended 31 March 2016 and 31 March 2017 were HK\$1,307,000 and HK\$1,438,000 respectively. In the opinion of the directors of the Company, these advances will be settled before the Listing, accordingly, the amounts due from shareholders as at 31 March 2017 and 31 July 2017 are classified as current assets. These advances were subsequently settled in October 2017 by offsetting with the dividends of the same amount distributed to Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping (note 34(e)).

19. BANK BALANCES AND CASH

Bank balances and cash comprises cash on hand and bank balances. As at 31 March 2016, 31 March 2017 and 31 July 2017, bank balances carry interest at prevailing market interest rates which were ranging from 0.01% to 0.03% per annum.

20. TRADE AND OTHER PAYABLES

Trade and other payables at the end of each reporting period comprise amounts outstanding for trade purposes and daily operating costs. The average credit period on trade payable is 30 to 60 days.

	At 31 March		At 31 July
	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000
Trade payable	9,430	14,986	34,034
Retention payable	3,821	6,596	5,952
Advances received from customers	2,457	4,494	516
Accruals and other payables	2,213	2,942	4,263
Total trade and other payables	17,921	29,018	44,765

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

	At 31 March		At 31 July
	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000
1 – 30 days	7,516	8,575	21,581
31 – 60 days	190	1,737	5,137
61 – 90 days	629	389	1,517
Over 90 days	1,095	4,285	5,799
	9,430	14,986	34,034

Retention payables represent the retention money withheld from the amounts payable for work performed by the subcontractors. 50% of the retention money is normally due upon completion of respective project and the remaining 50% portion is due upon the end of the defect liability period of individual contracts, ranging from 3 months to 1 year from the

date of the completion of respective project. The amount is unsecured, interest-free and repayable at the end of the defective liability period of respective contract. As at 31 March 2016, 31 March 2017 and 31 July 2017, all the retention payables were aged within one year.

21. AMOUNT DUE TO A RELATED COMPANY

The Company

The related company is Double Gain. The amount was non-trade nature, unsecured, interest free and repayable on demand.

22. OBLIGATIONS UNDER FINANCE LEASES

	At 31 March		At 31 July
	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000
Analysed for reporting purposes as:			
Current liabilities	567	699	919
Non-current liabilities	883	1,213	1,678
	1,450	1,912	2,597

The Group leased its motor vehicles under finance leases. The average lease term is 4 years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 1.75% to 4.20% per annum.

	Minimum lease payments		Present value of minimum lease payments			
	At 31 March		At 31 July		At 31 July	
	2016	2017	2017	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Obligations under finance leases payable						
Within one year	619	759	995	567	699	919
Within a period of more than one year but not more than two years	456	762	868	429	735	828
Within a period of more than two years but not more than five years	459	494	876	454	478	850
	1,534	2,015	2,739	1,450	1,912	2,597
Less: Future finance charges	(84)	(103)	(142)	N/A	N/A	N/A
Present value of lease obligations	1,450	1,912	2,597			
Less: Amount due for settlement within 12 months (shown under current liabilities)				(567)	(699)	(919)
Amount due for settlement after 12 months				883	1,213	1,678

23. DEFERRED TAXATION

The followings are the deferred tax liabilities recognised by the Group and movements thereon during each reporting period:

	<u>Accelerated tax depreciation</u> HK\$'000
At 1 April 2015	44
Credited to profit or loss	<u>(13)</u>
At 31 March 2016	31
Charged to profit or loss	<u>58</u>
At 31 March 2017	89
Charged to profit or loss	<u>66</u>
At 31 July 2017	<u><u>155</u></u>

24. SHARE CAPITAL

On 4 July 2017, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an initial authorised share capital of HK\$390,000 divided into 39,000,000 shares of HK\$0.01 each.

The share capital at 31 March 2016 and 31 March 2017 represented the issued and fully paid share capital of Double Gain. The share capital at 31 July 2017 represented the issued and fully paid share capital of the Company and Nation Max. Pursuant to the Reorganisation, the Company has become the holding company of Nation Max on 23 January 2018.

Details of the authorised and issued share capital of the Company as follows:

	<u>Number of shares</u>	<u>Share capital</u>	
		HK\$	HK\$'000
Ordinary shares of HK\$0.01 each			
<i>Authorised</i>			
At incorporation and 31 July 2017	<u>39,000,000</u>	<u>390,000</u>	<u>390</u>
<i>Issued and fully paid</i>			
At incorporation	1	—	—
Issue of shares	<u>9,999</u>	<u>100</u>	<u>—</u>
At 31 July 2017	<u><u>10,000</u></u>	<u><u>100</u></u>	<u><u>—</u></u>

All ordinary shares issued during the four months ended 31 July 2017 rank *pari passu* in all respects.

25. RESERVE OF THE COMPANY

The movement in the reserve of the Company is as follows:

	<u>Accumulated loss</u> HK\$'000
At 4 July 2017 (date of incorporation)	—
Loss and total comprehensive expenses for the period	<u>(3,580)</u>
At 31 July 2017	<u><u>(3,580)</u></u>

26. RETIREMENT BENEFIT PLANS

The Group participates in a Mandatory Provident Fund Scheme (the “MPF Scheme”) for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme.

The retirement benefit scheme contributions arising from the MPF Scheme charged to profit or loss for the years ended 31 March 2016, 2017 and four months ended 31 July 2016 (unaudited) and 31 July 2017 were HK\$934,000, HK\$1,066,000, HK\$362,000 (unaudited) and HK\$414,000, respectively, which represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

27. RELATED PARTY TRANSACTIONS

Other than the transactions and balances disclosed elsewhere in the Historical financial Information, the Group had the following transactions with related parties during the Track Record Period:

(i) Transactions

	<u>Year ended 31 March</u>		<u>Four months ended 31 July</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)			
Purchases of materials from:				
Victor Link Trading Limited (<i>note</i>)	183	196	85	8
Speed Well Building Material (<i>note</i>)	<u>5,754</u>	<u>1,226</u>	<u>—</u>	<u>—</u>

Note: The Group's related party transactions were carried out in accordance with the terms and conditions mutually agreed by the contracting parties. Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping are the common directors and ultimate controlling parties of Victor Link Trading Limited and were partners of Speed Well Building Material.

During the Track Record Period, Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping provided personal guarantees in favour of certain customers of the Group, which are the main contractors, in respect of certain building construction services and RMAA Services projects of the Group with an aggregate contract sum of HK\$834.1 million, HK\$1,041.6 million and HK\$990.5 million as at 31 March 2016, 31 March 2017 and 31 July 2017, respectively. The personal guarantees serve as securities for the due performance and observance of the Group's

obligations under the contracts and Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping agreed to indemnify the relevant customers for any loss or damage suffered as a result of our Group's default under the contracts. All personal guarantees were released on or before December 2017.

During the Track Record Period, Mr. Tsang Man Ping, a director of the Company, entered into tenancy agreement with landlord in respect of a premises that was used by the Group as an office and storage of goods and the rental expenses incurred by the Group during the years ended 31 March 2016, 31 March 2017 and the four months ended 31 July 2016 and 31 July 2017 were HK\$132,000, HK\$144,000, HK\$48,000 (unaudited) and HK\$36,000, respectively. The tenancy agreement was terminated in June 2017.

(ii) Balances

Details of the balances with related parties are set out in the combined statements of financial position and note 18.

Included in the Group's trade payable as at 31 March 2016 with an aggregate carrying amount of approximately HK\$1,021,000 which is due to Speed Well Building Material for which the amount is unsecured, non-interest bearing and repayable according to its trade terms.

(iii) Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management are disclosed in note 13.

28. INTERESTS IN SUBSIDIARIES

At the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place of incorporation/ operation	Date of incorporation	Issued and fully paid capital	Equity interest attributable to the Company as at			the date of this report	Principal activities
				31 March		31 July		
				2016	2017	2017		
<i>Directly held</i>								
Nation Max (note a)	BVI/Hong Kong	18 May 2017	US\$10,000	N/A	N/A	N/A	100%	Investment holding
<i>Indirectly held</i>								
Double Gain (note b)	Hong Kong	15 December 2014	HK\$20,010,000	100%	100%	100%	100%	Provision of building construction services and RMAA Services

Notes:

- (a) No audited financial statements of Nation Max has been prepared since its date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.
- (b) The statutory financial statements of Double Gain for the year ended 31 March 2016 were prepared in accordance with the Small and Medium-sized Entity Financial Reporting Standard issued by the HKICPA and were audited by W. K. Pang & Co., a Certified Public Accountants registered in Hong Kong. The statutory financial statements of Double Gain for the year ended 31 March 2017 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by us.

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital, capital reserve, other reserve and retained earnings.

The management of the Group reviews the capital structure on a continuous basis. As part of this review, the management of the Company considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through payment of dividends, issue of new shares as well as issue of new debts or redemption of existing debts.

30. FINANCIAL INSTRUMENTS**Categories of financial instruments**

	The Group			The Company
	At 31 March		At 31 July	At 31 July
	2016	2017	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	42,463	66,122	72,297	—
Financial liabilities				
Amortised cost	13,251	21,582	39,986	4,658

Financial risk management objectives and policies

The Group's and the Company's financial instruments include trade and other receivables, amounts due from shareholders, bank balances and cash, trade and other payables and amount due to a related company. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the combined statements of financial position.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivable and other receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The policy of allowances for doubtful debts of the Group is based on the evaluation and estimation of collectability and ageing analysis of the outstanding debts. Specific allowance is only made for receivables that are unlikely to be collected and is recognised on the difference between the estimated future cash flows expected to receive discounted using the original effective interest rate and the carrying value. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. The management closely monitors the subsequent settlement of the counterparties. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

The Group is exposed to concentration of credit risk as at 31 March 2016, 31 March 2017 and 31 July 2017 on trade and retention receivables from the Group's three major customers amounting to HK\$18,952,000, HK\$28,915,000 and HK\$27,473,000, respectively and accounted for 76%, 70% and 63%, respectively, of the Group's total trade and retention receivables. In the opinion of the management of the Company, the major customers of the Group are certain reputable organisations in the market with good settlement history. The management of the Group considers that the credit risk is limited in this regard. Other than concentration of credit risk on trade and retention receivables, the Group also has concentration of credit risk on amounts due from shareholders. Amounts due from shareholders amounted to HK\$14,646,000, HK\$18,419,000 and HK\$18,419,000 as at 31 March 2016, 31 March 2017 and 31 July 2017, respectively. Details of which are set out in note 18.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group believes that the Group will have sufficient working capital for its future operational requirement.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interests and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from contracted interest rate curve at the end of each reporting period.

	<u>Weighted average interest rate</u>	<u>On demand or less than 1 year</u>	<u>1-5 years</u>	<u>Total undiscounted cash flows</u>	<u>Carrying amount</u>
	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The Group					
At 31 March 2016					
Non-derivative financial liabilities					
Trade and retention payables	—	13,251	—	13,251	13,251
Obligations under finance leases	3.55	<u>619</u>	<u>915</u>	<u>1,534</u>	<u>1,450</u>
		<u>13,870</u>	<u>915</u>	<u>14,785</u>	<u>14,701</u>
At 31 March 2017					
Non-derivative financial liabilities					
Trade and retention payables	—	21,582	—	21,582	21,582
Obligations under finance leases	3.27	<u>759</u>	<u>1,256</u>	<u>2,015</u>	<u>1,912</u>
		<u>22,341</u>	<u>1,256</u>	<u>23,597</u>	<u>23,494</u>
At 31 July 2017					
Non-derivative financial liabilities					
Trade and retention payables	—	39,986	—	39,986	39,986
Obligations under finance leases	3.17	<u>995</u>	<u>1,744</u>	<u>2,739</u>	<u>2,597</u>
		<u>40,981</u>	<u>1,744</u>	<u>42,725</u>	<u>42,583</u>
The Company					
At 31 July 2017					
Non-derivative financial liabilities					
Amount due to a related company	—	<u>4,658</u>	<u>—</u>	<u>4,658</u>	<u>4,658</u>

Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's combined statements of cash flows from financing activities.

	<u>At 1 April 2015</u>	<u>Acquisition</u>	<u>Dividend declared</u>	<u>Interest accrued</u>	<u>Financing cash flows</u>	<u>At 31 March 2016</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Dividend payable	—	—	6,227	—	(6,227)	—
Obligations under finance leases	2,159	—	—	83	(792)	1,450
	<u>2,159</u>	<u>—</u>	<u>—</u>	<u>83</u>	<u>(792)</u>	<u>1,450</u>
	<u>At 1 April 2016</u>	<u>Acquisition</u>	<u>Dividend declared</u>	<u>Interest accrued</u>	<u>Financing cash flows</u>	<u>At 31 March 2017</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Dividend payable	—	—	7,963	—	(7,963)	—
Obligations under finance leases	1,450	1,233	—	76	(847)	1,912
	<u>1,450</u>	<u>1,233</u>	<u>—</u>	<u>76</u>	<u>(847)</u>	<u>1,912</u>
	<u>At 1 April 2017</u>	<u>Acquisition</u>	<u>Dividend declared</u>	<u>Interest accrued</u>	<u>Financing cash flows</u>	<u>At 31 July 2017</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Obligations under finance leases	1,912	1,116	—	47	(478)	2,597
	<u>1,912</u>	<u>1,116</u>	<u>—</u>	<u>47</u>	<u>(478)</u>	<u>2,597</u>
(Unaudited)	<u>At 1 April 2016</u>	<u>Acquisition</u>	<u>Dividend declared</u>	<u>Interest accrued</u>	<u>Financing cash flows</u>	<u>At 31 July 2016</u>
(Unaudited)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Obligations under finance leases	1,450	454	—	32	(315)	1,621
	<u>1,450</u>	<u>454</u>	<u>—</u>	<u>32</u>	<u>(315)</u>	<u>1,621</u>

32. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2017 and the four months ended 31 July 2017, the Group entered into a finance lease arrangement in respect of a motor vehicle with a value of approximately HK\$1,233,000 and HK\$1,116,000, respectively, at the inception of lease.

33. OPERATING LEASES

The Group had future aggregate minimum lease payables under non-cancellable operating leases in respect of office, workshops and warehouses as follows:

	At 31 March		At 31 July
	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000
Within one year	—	—	293
After one year but within five years	—	—	203
	—	—	496
	—	—	496

Operating lease payments represent rentals payable by the Group for certain office premises, workshops and warehouses. Leases are negotiated for terms of one to five years.

34. SUBSEQUENT EVENTS

Save as disclosed elsewhere in the report, subsequent to 31 July 2017, the following significant events took place:

- (a) On 23 January 2018, the Reorganisation as detailed in the section headed “History, Corporate Structure and Reorganisation — Reorganisation” in this Prospectus was duly completed.
- (b) Pursuant to the written resolutions of the shareholders passed on 23 January 2018, the authorised share capital of the Company was increased from HK\$390,000 to HK\$7,800,000 by the creation of a further 741,000,000 shares with par value of HK\$0.01 each.
- (c) Pursuant to the written resolutions of the shareholders of the Company passed on 23 January 2018, subject to the share premium account of the Company being credited as a result of the issue of the shares pursuant to the Share Offer (as defined in the Prospectus), the directors of the Company are authorised to allot and issue a total of 278,989,000 shares credited as fully paid at par to the holders of shares on the register of members of the Company at the close of business on 23 January 2018 (or as they may direct) in proportion to their respective shareholdings (save that no shareholder shall be entitled to be allotted or issued any fraction of a share) by way of capitalisation of the sum of HK\$2,789,890 standing to the credit of the share premium account of the Company, and our shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued shares.
- (d) The Company has conditionally adopted a share option scheme, the principal terms of which are set out in the section headed “Statutory and general information — D. Share Option Scheme” in Appendix IV to the Prospectus. There is no share option granted by the Company at the date of this report.
- (e) In October 2017, Double Gain declared interim dividend for the year ended 31 March 2017 of HK\$18,419,000.

35. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of the companies now comprising the Group have been prepared in respect of any period subsequent to 31 July 2017.

The information set out set out 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 2017 and the four months ended 31 July 2017 (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix I to this Prospectus, and is included in this Prospectus for information 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 to this Prospectus.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following is an illustrative statement of the unaudited pro forma adjusted combined net tangible assets of the Group prepared in accordance with paragraph 7.31 of the GEM Listing Rules for the purpose of illustrating the effect of the Share Offer as if it had taken place on 31 July 2017.

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 had the Share Offer been completed as at 31 July 2017 or at any future dates following the Share Offer. It is prepared based on the audited combined net tangible assets of the Group as at 31 July 2017 derived from the combined statement of financial position at that date 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 as at <u>31 July 2017</u> <i>(Note 1)</i> HK\$'000	Estimated net proceeds from the Share Offer <i>(Note 2)</i> HK\$'000	Unaudited pro forma adjusted combined net tangible assets of the Group as <u>at 31 July 2017</u> HK\$'000	Unaudited pro forma adjusted combined net tangible assets of the Group per Share as <u>at 31 July 2017</u> <i>(Note 3)</i> HK\$
Based on the Offer Price of HK\$0.6 per Share	<u>65,313</u>	<u>38,728</u>	<u>104,041</u>	<u>0.28</u>
Based on the Offer Price of HK\$0.8 per Share	<u>65,313</u>	<u>56,677</u>	<u>121,990</u>	<u>0.33</u>

Notes:

1. The audited combined net tangible assets of the Group as at 31 July 2017 has been calculated based on the audited combined net assets of the Group of approximately HK\$65,313,000 as 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 93,000,000 Shares at the Offer Price of HK\$0.6 and of HK\$0.8 being the low-end and the high-end of the stated Share Offer price range, per Offer Share, after deduction of the listing expenses, the underwriting fees and other related expenses payable by the Company (excluding approximately HK\$3,580,000 listing expenses which has been charged to profit or loss up to 31 July 2017).

The calculation of such estimated net proceeds does not take into account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchase Shares referred to in the section headed “General Mandate to Issue Shares” or the section headed “General Mandate to Repurchase Shares” in the Prospectus.

3. The unaudited pro forma adjusted combined net tangible assets of the Group per Share has been arrived at after making the adjustments referred to in this section and on the basis of a total of 372,000,000 Shares, assuming of (i) 11,000 Shares in issue as at 31 July 2017 and (ii) 278,989,000 Shares pursuant to the Capitalisation Issue and (iii) 93,000,000 Shares to be issued pursuant to the Share Offer had been completed on 31 July 2017. It does not take into account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the section headed “General Mandate to Issue Shares” or the section headed “General Mandate to Repurchase Shares” in the Prospectus.
4. No adjustment has been made to the audited combined net tangible assets of the Group as at 31 July 2017 to reflect any trading results or other transactions of the Group entered into subsequent to 31 July 2017. In particular, the unaudited pro forma adjusted combined net tangible assets of the Group as disclosed in the table above have not been adjusted to show the effect of the dividend of HK\$18,419,000 declared in October 2017 (the “Dividend Declaration”).

Had the Dividend Declaration been taken into account, the unaudited pro forma adjusted combined net tangible assets of the Group and the unaudited pro forma adjusted combined net tangible assets of the Group per Share would decreased to HK\$85,622,000 and HK\$0.23 respectively, based on the Offer Price of HK\$0.6 per Share and 372,000,000 Shares or to HK\$103,571,000 and HK\$0.28 respectively, based on the Offer Price of HK\$0.8 per Share and 372,000,000 Shares.

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information for the purpose of incorporation in this Prospectus.

Deloitte.**德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF GAIN PLUS HOLDINGS LIMITED**

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of Gain Plus Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the statement of unaudited pro forma adjusted combined net tangible assets of the Group as at 31 July 2017 and related notes as set out in pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 30 January 2018 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Share Offer (as defined in the Prospectus) on the Group's financial position as at 31 July 2017 as if the Share Offer had taken place at 31 July 2017. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the two years ended 31 March 2017 and the four months ended 31 July 2017, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities 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 (the "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.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA 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’ Responsibilities

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 an investment circular 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 31 July 2017 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' judgment, 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 January 2018

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 4 July 2017 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 23 January 2018. 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

authorised 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; and (g) change the currency of denomination of its share capital.

(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 authorised 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 summarised financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised 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 summarised 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, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the surplus assets available for distribution among the members are insufficient to repay the whole of the paid-up capital, such assets shall be distributed, subject to the rights of any shares which may be issued on special terms and conditions, 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 4 July 2017 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 19 July 2017.

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 authorised 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 V. 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 AND OUR SUBSIDIARIES**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 4 July 2017. Our Company has established a principal place of business in Hong Kong at Unit 1323A, Level 13, Landmark North, 39 Lung Sum Avenue, Sheung Shui, the New Territories, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 4 August 2017. In connection with such registration, Mr. CK Tsang of 2/F, No. 79 Sa Uk Ka Village, Tai Po, the New Territories, Hong Kong has been appointed as the authorised representative of our Company for acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, we are subject to the Companies Law and to our constitution documents which comprises our Memorandum of Association and Articles of Association. A summary of certain provisions of our constitution documents and relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

2. Changes in share capital of our Company

- (a) Our Company was incorporated in the Cayman Islands on 4 July 2017 as an exempted company with limited liability under the Companies Law. At the time of incorporation, our Company had an authorised share capital of HK\$390,000 divided into 39,000,000 Shares of HK\$0.01 each, of which one Share was allotted and issued as fully paid to an initial subscriber (who is an Independent Third Party) at par. On the same date, such Share was transferred to Giant Winchain at par and an additional 2,249 Shares, 250 Shares, 3,750 Shares and 3,750 Shares were allotted and issued as fully paid to Giant Winchain, Wealth-In, Great Star and Universe King at par respectively.
- (b) On 23 January 2018, Giant Winchain, Wealth-In, Great Star, Universe King and our Company entered into a share swap agreement pursuant to which each of Giant Winchain, Wealth-In, Great Star and Universe King respectively transferred 2,475 shares, 275 shares, 4,125 shares and 4,125 shares of Nation Max (represented the then entire issued share capital of Nation Max) to our Company in consideration of our Company allotted and issued 225 Shares, 25 Shares, 375 Shares and 375 Shares to Giant Winchain, Wealth-In, Great Star and Universe King respectively. As a result, Nation Max became a wholly-owned subsidiary of our Company.
- (c) Pursuant to the written resolutions of our Shareholders passed on 23 January 2018, the authorised share capital of our Company was increased from HK\$390,000 to HK\$7,800,000 by the creation of a further 741,000,000 Shares.

- (d) Immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be issued upon the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme), 372,000,000 Shares will be allotted and issued, all fully paid or credited as fully paid, and 408,000,000 Shares will remain unissued. Other than options which may fall to be granted under the Share Option Scheme, issue of Shares under the Offer Size Adjustment Option or the exercise of the general mandate referred to in the paragraph headed “A. Further information about our Company and our subsidiaries — 3. Written resolutions of our Shareholders” in this Appendix, our Directors have no present intention to issue any part of the authorised but unissued capital of our Company, and without the prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.
- (e) Save as disclosed above, there has been no alteration in the share capital of our Company since its incorporation.

3. Written resolutions of our Shareholders

Pursuant to the written resolutions passed by all Shareholders on 23 January 2018, *inter alia*:

- (a) the authorised share capital of our Company was increased from HK\$390,000 divided into 39,000,000 Shares of par value HK\$0.01 each to HK\$7,800,000 divided into 780,000,000 Shares of par value HK\$0.01 each by the creation of an additional 741,000,000 Shares of par value HK\$0.01 each;
- (b) subject to the conditions as set out in the section headed “Structure and conditions of the Share Offer — Conditions of the Share Offer” of this prospectus being fulfilled and waived:
- (i) the Share Offer was approved and our Directors were authorised to (aa) allot and issue the Shares; (bb) implement the Share Offer and the listing of Shares on GEM; and (cc) do all such other acts and things and execute all documents in connection with or incidental to the Share Offer and the Listing with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;
- (ii) subject to the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise an amount of HK\$2,789,890 standing to the credit of the share premium account of our Company by applying such sum to pay up in full at par 278,989,000 Shares for allotment and issue, as fully paid at par to Universe King, Great Star, Giant Winchain and Wealth-In and rank *pari passu* in all respects with

the existing issued Shares (other than the entitlements under the Capitalisation Issue) and our Directors were authorised to give effect to such capitalisation and distributions;

- (iii) the rules of the Share Option Scheme, the principal terms of which are set out in “D. Share Option Scheme” 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 the Shares pursuant to the exercise of options that may be granted under the Share Option Scheme and to at all such acts and things as may be necessary or expedient to give effect to the Share Option Scheme;
- (iv) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with, otherwise than by way of rights issues or an issue of Shares upon the exercise of any subscription rights under any warrants or convertible securities of our Company or pursuant to the exercise of any options which may be granted under the Share Option Scheme or any other option scheme or under any scrip dividend schemes or other similar arrangements or a specific authority granted by the Shareholders of our Company or an issue of shares of our Company in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association, allotment or issue of Shares with an aggregate nominal value not exceeding (1) 20% of the aggregate nominal value of share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account of any Shares which may be issued upon the exercise of the Offer Size Adjustment Option and any options which may be allotted and issued pursuant to the exercise of any options under the Share Option Scheme); and (2) the aggregate nominal value of shares repurchased under the Repurchase Mandate as defined in paragraph (v) below. Such mandate shall remain in effect until whichever is the earliest of:
 - (1) the conclusion of the next annual general meeting of our Company;
 - (2) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum of Association and the Articles of Association or any other applicable laws of the Cayman Islands to be held; or
 - (3) the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying such mandate;
- (v) a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which

the shares of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, and in accordance with all applicable laws and the requirements of the GEM Listing Rules, such number of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account of any Shares which may be allotted and issued pursuant to the exercise of any options under the Share Option Scheme), such mandate shall remain in effect until whichever is the earliest of:

- (1) the conclusion of the next annual general meeting of our Company;
 - (2) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum of Association and the Articles of Association or any other applicable laws of the Cayman Islands to be held; or
 - (3) the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying such mandate;
- (vi) the general unconditional mandate mentioned in paragraph (iv) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or issued or agreed conditionally or unconditionally to be allotted or issued with 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 Repurchase Mandate referred to in paragraph (v) above provided that such extended value shall not exceed 10% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may be issued upon the exercise of the Offer Size Adjustment Option and any options which may be allotted and issued pursuant to the exercise of any options under the Share Option Scheme); and
- (vii) our Company approved and adopted the Memorandum of Association and Articles of Association with effect on the Listing Date, the terms of which are summarised in Appendix III to this prospectus.

4. Reorganisation

The companies comprising our Group underwent a Reorganisation in preparation for the Listing, details of which are set out in the section headed “History, corporate structure and Reorganisation — Reorganisation” of this prospectus. Following the Reorganisation, our Company became the holding company of our Group.

Diagrams showing our Group's structure after the Reorganisation and immediately upon completion of the Capitalisation Issue and the Share Offer (assuming that no Share has been allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme) are set out in the section headed "History, corporate structure and Reorganisation — Reorganisation" of this prospectus.

5. Changes in share capital of subsidiaries

Our Company's subsidiaries are referred to in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

Save as mentioned in the section headed "History, corporate structure and Reorganisation — Corporate development" of this prospectus, there was no change in the share capital of any of the subsidiaries of our Company during the two years preceding the date of this prospectus.

Save for the subsidiaries mentioned in Appendix I to this prospectus, our Company has no other subsidiaries.

6. Repurchase of our own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by all Shareholders on 23 January 2018, the Repurchase Mandate was given to our Directors authorising our Directors to exercise all powers of our Company to purchase the Shares as described above in the paragraph headed "A. Further information about our Company and our subsidiaries — 3. Written resolutions of our Shareholders" in this Appendix.

(ii) *Source of funds*

Any repurchases must be financed out of funds legally available for such purpose in accordance with the Memorandum of Association and Articles of Association and any applicable laws of the Cayman Islands. A listed company is prohibited from repurchasing its own securities 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.

Under the Cayman Islands law, any repurchases by our Company may be made out of profits of our Company or out of the proceeds of a fresh issue of share made for the purpose of the repurchase or, if authorised by the Articles of Association and subject to the Companies Law, out of capital and, in case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium account of our Company, or if authorised by the Articles of Association and subject to the Companies Law, out of capital.

(iii) *Trading restrictions*

A company is authorised to repurchase on the GEM or on any other stock exchange recognised by the SFC in Hong Kong and the Stock Exchange the total number of shares which represent up to a maximum of 10% of the aggregate number of shares in issue of that company or warrants to subscribe for shares in that company representing up to 10% of the amount of securities then outstanding at the date of the passing of the relevant resolution granting the repurchase mandate. A company may not issue or announce an issue of new securities of the type that have been repurchased for a period of 30 days immediately following a repurchase of securities whether on the GEM or otherwise (except pursuant to the exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to the repurchase) without the prior approval of the Stock Exchange. A company is also prohibited from making securities repurchase on the GEM if the result of the repurchases would be that the number of the listed securities in hands of the public would be below the relevant prescribed minimum percentage for that company as required and determined by the Stock Exchange. A company shall not purchase its shares on the GEM if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the GEM.

(iv) *Status of repurchased securities*

The listing of all repurchased securities (whether on GEM or otherwise) is automatically cancelled upon the repurchase and the relevant certificates must be cancelled and destroyed. Under the Cayman Islands law, a company's repurchased shares if not held by the company as treasury shares, may be treated as cancelled

and, if so cancelled, the amount of that company's issued share capital shall be reduced by the aggregate nominal value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(v) *Suspension of repurchase*

A listed company shall not make any repurchase of securities at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules) and (ii) the deadline for publication of an announcement of a listed company's results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its shares on GEM other than in exceptional circumstances and provided that a waiver on all or any of the restrictions under the GEM Listing Rules has been granted by the Stock Exchange. In addition, the Stock Exchange may prohibit repurchases of securities on the GEM if a company has breached the GEM Listing Rules.

(vi) *Reporting requirements*

Repurchases of securities on the GEM or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following trading day. In addition, a company's annual report and accounts are required to include a monthly breakdown of securities repurchases made during the financial year under review, showing the number of securities repurchased each month (whether on the GEM or otherwise), the purchase price per share or the highest and lowest prices paid for all such repurchases and the total prices paid. The directors' report is also required to contain reference to the purchases made during the year and the directors' reasons for making such purchases. The company shall make arrangements with its broker who effects the purchase to provide the company in a timely fashion the necessary information in relation to the purchase made on behalf of the company to enable the company to report to the Stock Exchange.

(vii) *Core connected persons*

Under the GEM Listing Rules, a company shall not knowingly repurchase shares from a core connected person (as defined in the GEM Listing Rules) and a core connected person shall not knowingly sell his shares to the company.

(b) *Exercise of the Repurchase Mandate*

Exercise in full of the Repurchase Mandate, on the basis of 372,000,000 Shares in issue immediately after Listing, could accordingly result in up to 37,200,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(c) *Reasons for repurchases*

Repurchases of Shares will only be made when our Directors believe that such a repurchase will benefit our Company and Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share.

(d) *Funding of repurchases*

In repurchasing the Shares, our Company may only apply funds legally available for such purpose in accordance with our Memorandum of Association and Articles of Association, the GEM Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate was to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

(e) *General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the GEM Listing Rules) currently intends to sell any Shares to our Company.

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, our Memorandum and Articles and the applicable laws of the Cayman Islands.

No core connected person (as defined in the GEM Listing Rules) of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, in the event that the Repurchase Mandate is exercised.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of our Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeovers Code due to any repurchase made pursuant to the Repurchase Mandate immediately after the Listing.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business of our Group) have been entered into by members of our Group within the two years immediately 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) the subscription agreement dated 29 March 2017 entered into between Giant Winchain, Wealth-In, Double Gain, Mr. MP Tsang and Mr. CK Tsang, pursuant to which Giant Winchain and Wealth-In subscribed for 3,000 shares and 333 shares of Double Gain respectively at the respective consideration of HK\$18,000,000 and HK\$2,000,000, with Mr. CK Tsang as Mr. MP Tsang as guarantors;
- (b) the share swap agreement relating to the entire issued share capital of Double Gain dated 21 July 2017 entered into between Giant Winchain, Wealth-In, Mr. CK Tsang, Mr. MP Tsang and Nation Max, pursuant to which Mr. CK Tsang, Mr. MP Tsang, Giant Winchain and Wealth-In respectively transferred 5,000 shares, 5,000 shares, 3,000 shares and 333 shares of Double Gain to Nation Max in consideration of which Nation Max allotted and issued credited as fully paid 375 shares to Universe King (at the instruction of Mr. CK Tsang), 375 shares to Great Star (at the instruction of Mr. MP Tsang), 225 shares to Giant Winchain and 25 shares to Wealth-In;
- (c) the share swap agreement relating to the entire issued share capital of Nation Max dated 23 January 2018 entered into between Great Star, Universe King, Giant Winchain, Wealth-In and our Company, pursuant to which Great Star, Universe King, Giant Winchain and Wealth-In respectively transferred 4,125 shares, 4,125 shares, 2,475 shares and 275 shares of Nation Max to our Company in consideration of which our Company allotted and issued credited as fully paid 375 Shares, 375 Shares, 225 Shares and 25 Shares to Great Star, Universe King, Giant Winchain and Wealth-In respectively;

- (d) the Deed of Indemnity;
- (e) the Deed of Non-Competition; and
- (f) the Public Offer Underwriting Agreement.

2. Intellectual property rights of our Group

As at the Latest Practicable Date, our Group has registered the following domain name which we believe is material to our business:

<u>Registrant</u>	<u>Domain Name</u>	<u>Registration Date</u>	<u>Expiry Date</u>
Double Gain	www.doublegain.hk	10 August 2017	2 February 2019

Save as disclosed, our Group has not registered or held any trade or service marks, patents, copyrights, other intellectual or industrial property rights in relation to the business of our Group.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) *Disclosure of interests of Directors*

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account the Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme), the interests and short positions of our Directors and chief executive of our Company in the Shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which 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 interests and short positions in which they are taken or deemed to have taken under such provisions), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and

the Stock Exchange pursuant to Rules 5.46 and 5.67 of the GEM Listing Rules, will be as follows:

(i) *Long position in the Shares*

<u>Name of Director(s)</u>	<u>Nature of interest</u>	<u>Number and class of securities (Note 1)</u>	<u>Approximate percentage of shareholding</u>
Mr. CK Tsang (Notes 2, 4)	Interest in controlled corporation	104,606,400 ordinary Shares (L)	28.12%
Mr. MP Tsang (Notes 3, 4)	Interest in controlled corporation	104,606,400 ordinary Shares (L)	28.12%

Notes:

- The letter (L) denotes the person's long interest in our Shares.
- Mr. CK Tsang beneficially owns the entire issued share capital of Universe King and is deemed, or taken to be, interested in all the Shares held by Universe King for purposes of the SFO.
- Mr. MP Tsang beneficially owns the entire issued share capital of Great Star and is deemed, or taken to be, interested in all the Shares held by Great Star for purposes of the SFO.
- On 9 August 2017, Mr. CK Tsang and Mr. MP Tsang entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, among other things, that they are parties acting in concert (having the meaning as ascribed thereto in the Takeovers Code) in respect of each of the members of our Group since their respective dates of incorporation and will continue so as of and after the date of the Concert Parties Confirmatory Deed. Details of the Concert Parties Confirmatory Deed are set out in the section headed "History, corporate structure and Reorganisation — Parties acting in concert" in this prospectus.

(ii) *Long position in the ordinary shares of associated corporation*

<u>Name of Director</u>	<u>Name of associated corporation</u>	<u>Nature of interest</u>	<u>No. of Shares held</u>	<u>Percentage of interest</u>
Mr. CK Tsang	Universe King (Note 1)	Beneficial Owner	1,000	100%
Mr. MP Tsang	Great Star (Note 1)	Beneficial Owner	1,000	100%

Note:

- Immediately following the completion of the Capitalisation Issue and the Share Offer, each of Universe King and Great Star will hold in aggregate 104,606,400 Shares, representing approximately 28.12% of the issued share capital of our Company.

(b) Particulars of service contracts

Each of Mr. CK Tsang, Mr. MP Tsang and Mr. Lee Alexander Patrick, our executive Directors, has entered into a service contract with our Company for an initial fixed term of three years commencing from the Listing Date until terminated by not less than three months' notice in writing served by either party. Commencing from the Listing Date, each of our executive Directors is entitled to an annual salary set out below, such salary to be reviewed annually by our Board and the remuneration committee of our Company.

In addition, each of our executive Directors may be entitled to, if so recommended by the remuneration committee of our Company and approved by the Board at its absolute discretion, a discretionary bonus, the amount of which is determined with reference to the operating results of our Group and the performance of the executive Director, provided that the relevant executive Director shall abstain from voting and not be counted in the quorum in respect of any resolution of our Board approving the amount of annual salary, discretionary bonus and other benefits payable to him. The current basic annual salary of our executive Directors is as follows:

<u>Name</u>	<u>Amount</u>
Mr. CK Tsang	HK\$858,000
Mr. MP Tsang	HK\$858,000
Mr. Lee Alexander Patrick	HK\$600,000

Each of Mr. So Chun Man, Mr. Chen Yeung Tak and Ms. Li Amanda Ching Man, being our independent non-executive Directors, has entered into a letter of appointment with our Company for an initial term of three years commencing from the Listing Date and shall continue thereafter unless terminated by either party giving not less than one month's notice in writing. Commencing from the Listing Date, the independent non-executive Directors are entitled to an annual director's fee as set out below:

<u>Name</u>	<u>Amount</u>
Mr. So Chun Man	HK\$240,000
Mr. Chen Yeung Tak	HK\$240,000
Ms. Li Amanda Ching Man	HK\$240,000

Save as disclosed above, none of our Directors has or is proposed to enter into a service contract or letter of appointment with our Company or any of our subsidiaries (other than contracts expiring or determinable by our Group within one year without the payment of compensation (other than statutory compensation)).

(c) *Directors' remuneration*

Our Company's policies concerning remuneration of executive Directors are:

- (i) the amount of remuneration payable to our executive Directors will be determined on a case by case basis depending on the experience, responsibility, workload and the time devoted to our Group by the relevant Director;
- (ii) non-cash benefits may be provided to our Directors under their remuneration package; and
- (iii) our executive Directors may be granted, at the discretion of our Board, share options of our Company, as part of the remuneration package.

An aggregate sum of approximately HK\$512,000, HK\$1,420,000 and HK\$560,000 was paid to our Directors as remuneration and benefits in kind in their capacity as Directors by our Group for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017 respectively. Further information in respect of our Directors' remuneration is set out in note 13 to the Accountant's Report set out in Appendix I to this prospectus.

An aggregate sum of approximately HK\$3,036,000 will be paid to our Directors as remuneration and benefits in kind by our Group for the year ending 31 March 2018 under the arrangements in force at the date of this prospectus excluding management bonus.

2. Substantial shareholders

So far as our Directors are aware, immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account of any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme), the following persons will have an interest or a short position in the Shares or the underlying Shares which would be required 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 directly or indirectly, be 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 Company or any other member of our Group:

<u>Name</u>	<u>Nature of interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of shareholding</u>
Mr. CK Tsang	Interest of a controlled corporation (<i>Notes 1, 4</i>)	104,606,400	28.12%
Ms. Leung	Interest of spouse (<i>Note 2</i>)	104,606,400	28.12%
Universe King	Beneficial owner	104,606,400	28.12%
Mr. MP Tsang	Interest of a controlled corporation (<i>Notes 3, 4</i>)	104,606,400	28.12%
Ms. Wong	Interest of spouse (<i>Note 5</i>)	104,606,400	28.12%
Great Star	Beneficial owner	104,606,400	28.12%
Mr. Lai	Interest of a controlled corporation (<i>Note 6</i>)	62,793,600	16.88%
Ms. Chu	Interest of spouse (<i>Note 7</i>)	62,793,600	16.88%
Giant Winchain	Beneficial owner	62,793,600	16.88%

Notes:

1. Mr. CK Tsang beneficially owns the entire issued share capital of Universe King and is deemed, or taken to be, interested in all the Shares held by Universe King for purposes of the SFO.
2. Ms. Leung is the spouse of Mr. CK Tsang and is deemed, or taken to be, interested in all the Shares held by Mr. CK Tsang for purposes of the SFO.
3. Mr. MP Tsang beneficially owns the entire issued share capital of Great Star and is deemed, or taken to be, interested in all the Shares held by Great Star for purposes of the SFO.
4. On 9 August 2017, Mr. CK Tsang and Mr. MP Tsang entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, among other things, that they are parties acting in concert (having the meaning as ascribed thereto in the Takeovers Code) in respect of each of the members of our Group since their respective dates of incorporation and will continue so as of and after the date of the Concert

Parties Confirmatory Deed. Details of the Concert Parties Confirmatory Deed are set out in the section headed “History, corporate structure and Reorganisation — Parties acting in concert” in this prospectus.

5. Ms. Wong is the spouse of Mr. MP Tsang and is deemed, or taken to be, interested in all the Shares held by Mr. MP Tsang for purposes of the SFO.
6. Mr. Lai beneficially owns the entire issued share capital of Giant Winchain and is deemed, or taken to be, interested in all the Shares held by Giant Winchain for purposes of the SFO.
7. Ms. Chu is the spouse of Mr. Lai and is deemed, or taken to be, interested in all the Shares held by Mr. Lai for purposes of the SFO.

3. Related party transactions

Our Group entered into the related party transactions during the Track Record Period as mentioned in note 27 of the Accountants’ Report set out in Appendix I to this prospectus.

4. Disclaimers

Save as disclosed in this prospectus:

- (a) and taking no account of any Shares which may be taken up or acquired under the Share Offer or any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme, our Directors are not aware of any person (not being a Director or chief executive of our Company) who immediately following completion of the Capitalisation Issue and the Share Offer will have an interest or short position in the Shares and 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 is, either 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 the general meetings of our Company or any other members of our Group;
- (b) none of our Directors and chief executive of our Company has for the purposes of Divisions 7 and 8 of Part XV of the SFO or the GEM Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, an interest or short position in the Shares, underlying Shares and debentures of our Company or any associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by our Company pursuant to section 352 of the SFO or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules once the Shares are listed on the Stock Exchange;

- (c) none of our Directors nor the experts named in “E. Other information — 7. Qualifications of experts” in this Appendix has any direct or indirect interest 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 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; and
- (e) none of our Directors or the experts named in “E. Other information — 7. 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.

D. SHARE OPTION SCHEME

1. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally approved by all Shareholders on 23 January 2018.

For the purpose of this section, unless the content otherwise requires:

- | | |
|------------------------|--|
| “Allotment Date” | means the date on which Shares are allotted and issued to a Grantee pursuant to the exercise of rights attaching to an Option granted and exercised under the Share Option Scheme; |
| “Board” | means our board of Directors or a duly authorised committee thereof; |
| “Eligible Participant” | means, among others, any director, full-time or part-time employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to our Group or a company in which our Group holds an interest or a subsidiary of such company; |
| “Exercise Price” | means the exercise price for any Share under the Share Option Scheme determined by the Board; |

“Exercise Period”	means in respect of any particular Option, the period to be determined and notified by our Board to each Grantee which the Board may in its absolute discretion determine, save that such period shall not be more than ten years from the commence date;
“Grantee”	means any Eligible Participant who accepts the offer in accordance with the terms of the Share Option Scheme, and where the context permits, any person who is entitled to any such Option in consequence of the death of the original Grantee (being an individual) or the legal representative of such person;
“Option”	means right(s) to subscribe for Shares granted pursuant to the Share Option Scheme;
“Shareholders”	means holder(s) of the Share(s) from time to time;
“Subsidiary”	means a subsidiary or subsidiaries (within the meaning of the Companies Ordinance or the Companies Law) for the time being and from time to time of our Company
“Trading Day”	means a day on which trading of Shares take place on the Stock Exchange.

(a) Purpose of the Share Option Scheme

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions that Eligible Participants have made or may make to our Group.

(b) Who may join

On and subject to the terms of the Share Option Scheme and the GEM Listing Rules, the Board shall be entitled to make an offer to any Eligible Participant as the Board may in its absolute discretion. An offer shall be deemed to have been accepted when our Company receives a remittance of HK\$1.00 as consideration of the grant. The offer shall remain open for acceptance by the Eligible Participant for a period of not less than five business days from the date on which the offer is granted.

(c) *Grant of Option*

The Board shall not offer grant of an Option after inside information has come to our Company's knowledge until such price sensitive information has been announced pursuant to the relevant requirements of the GEM Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of our Board meeting (as such date is first 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, quarter-year period or any other interim period (whether or not required under the GEM Listing Rules), and (b) the deadline for our Company to publish an announcement of its results for any year, half-year, or quarter-year period under the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement, no Option may be granted. The period during which no Option may be granted will cover any period of delay in the publication of a result announcement.

The total number of Shares issued and to be issued upon exercise of the Options granted to each Eligible Participant (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares of the Company (or the Subsidiary) in issue. Where any grant of further Options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over above this limit, such further grant shall be subject to the requirements (a) approval of the Shareholders at general meeting, with such Eligible Participant and its associates abstaining from voting; (b) a circular in relation to the proposal for such further grant having been sent by the Company to the Shareholders with such information from time to time as required by the GEM Listing Rules; and the number and terms of the Options to be granted to such proposed Grantee shall be fixed before the Shareholders' approval mentioned in (a) above.

(d) *Price of Shares*

The Exercise Price for any Share subject to the Share Option Scheme will be a price determined by our Board and notified to each Grantee and shall be the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant Option, which must be a Trading Day; (ii) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five Trading Days immediately preceding the date of grant of the relevant Option; and (iii) the nominal value of a Share on the date of grant.

For the purpose of calculating the Exercise Price, in the event that on the date of grant, our Company has been listed for less than five Trading Days, the Offer Price of the Share shall be used as the closing price for any Trading Day falling within the period before the Listing Date.

(e) *Maximum number of Shares*

- (i) The maximum number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and any other schemes must not in aggregate exceed 10% of the Shares in issue as at the Listing Date (the “**Scheme Mandate Limit**”) unless approved by the Shareholders pursuant to the terms of the Share Option Scheme. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of 372,000,000 Shares in issue on the Listing Date, the Scheme Mandate Limit will be equivalent to 37,200,000 Shares, representing 10.0% of the Shares in issue as at the Listing Date.
- (ii) Subject to the terms of the Share Option Scheme, the Scheme Mandate Limit may be renewed by the shareholders in general meeting from time to time provided always that the Scheme Mandate Limit so renewed must not exceed 10% of the Shares in issue as at the date of such renewal by the Shareholders in general meeting. Upon such renewal, all Options previously granted under the Share Option Scheme and any other share option schemes (including those exercised, outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) prior to the approval of such renewal shall not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. In relation to the Shareholders’ approval referred to in this paragraph (ii), a circular must be sent to our Shareholders containing such relevant information from time to time required by the GEM Listing Rules.
- (iii) Subject to the terms of the Share Option Scheme, the Board may seek separate Shareholders’ approval in general meeting to grant Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by our Company before such approval is sought. Our Company shall send a circular to our Shareholders containing such relevant information from time to time as required by the GEM Listing Rules.
- (iv) Notwithstanding anything contrary to the terms of the Share Option Scheme, no Options may be granted under the Share Option Scheme and any other schemes of our Company if the maximum number of Shares which may be issued under the Share Option Scheme and any other share option schemes

involving the issue or grant of Options or similar rights over Shares or other securities by the Company must not, in aggregate, exceeds 30% of the Shares in issue from time to time.

(f) *Time of exercise of Option*

An Option may be exercised by the Grantee in accordance with the terms of the Share Option Scheme at any time during the applicable option period, provided that, among others, the period within which the Option must be exercised shall not be more than 10 years from the date of the grant of Option. The exercise of an Option may be subject to the achievement of performance target and/or any other conditions to be imposed by our Board on each Grantee, which our Board may in its absolute discretion determine.

(g) *Rights are personal to grantee*

An Option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option.

(h) *Rights on death*

Subject to the terms of the Share Option Scheme, in the event of death of the Grantee (being all individual) before exercising the Options in full, his or her personal representative(s) may exercise the Options up to the Grantee's entitlement (to the extent exercisable as at the date of his/her death and not already exercised) within a period of 12 months following his/her date of death or such longer period as the Board may determine.

(i) *Changes in capital structure*

In the event of any alteration in the capital structure of our Company while an Option remains exercisable, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation, reclassification, subdivision or reduction of the share capital of our Company, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to the Options so far as unexercised, and/or the Exercise Price, and/or the method of exercise of the Options, and/or the maximum number of Shares subject to the terms of the Share Option Scheme.

Any adjustments required under this paragraph must give a Grantee the same proportion of the equity capital as that to which that Grantee was previously entitled and shall be made on the basis that the aggregate Exercise Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event, but no such adjustments may be made to the extent that Shares would be issued at less than their nominal value and, unless with the

prior approval of the Shareholders in general meeting, no such adjustments may be made to the advantage of the Grantee. For the avoidance of doubt, the issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, the independent financial adviser appointed by our Company or the auditors of our Company must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the GEM Listing Rules and the supplementary guidance set out in the letter issued by the Stock Exchange dated 5 September 2005 and any further guidance/interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time.

(j) *Rights on take-over*

If a general offer (whether by way of takeover offer as defined in the Takeovers Code or scheme of arrangement or otherwise in like manner) is 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 concert with the offeror) and such offer becomes or is declared unconditional the Grantee shall be entitled to exercise his or her outstanding Option (to the extent exercisable as at the date on which the general offer becomes or is declared unconditional and not exercised) in full or in part at anytime within 14 days after the date on which such offer becomes or is declared unconditional. For the purposes of this sub-paragraph, “acting in concert” shall have the meaning ascribed to it under the Takeovers Code as amended from time to time.

(k) *Rights on a compromise or arrangement*

- (i) In the event of a notice given by our Company to our Shareholders to convene a Shareholders’ meeting for the purpose of considering and approving a resolution to voluntarily wind up our Company, our Company shall forthwith give notice thereof to the Grantee and the Grantee may, by notice in writing to our Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant Options (such notice to be received by our Company not later than two business days (excluding any period(s) of closure of our Company’s Share registers) prior to the proposed meeting) exercise the Option (to the extent exercisable as at the date of notice to the Grantee and not exercised) either in full or in part and our Company shall, as soon as possible and in any event no later than the business day (excluding any period(s) of closure of our Company’s Share registers) immediately prior to the date of the proposed Shareholders’ meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise.
- (ii) In the event of a compromise or arrangement between our Company and our members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of our Company (other than any relocation

schemes as contemplated in Rule 10.18(3) of the GEM Listing Rules), our Company shall give notice thereof to all Grantee on the same date as it gives notice of the meeting to our members or creditors to consider such a scheme of arrangement, and thereupon the Grantee may, by notice in writing to our Company accompanied by the remittance for the total Exercise Price payable in respect of the exercise of the relevant Option (such notice to be received by our Company not later than two business days (excluding any period(s) of closure of our Company's Share registers) prior to the proposed meeting) exercise the outstanding Option (to the extent exercisable as at the date of the notice to the Grantee and not exercised) either in full or in part and our Company shall, as soon as possible and in any event no later than the business day (excluding any period(s) of closure of our Company's share registers) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and registered the Grantee as holder thereof.

(l) *Lapse of Option*

An Option (to the extent that such Option has not already been exercised) shall lapse and not be exercisable on the earliest of:

- (i) the expiry of the Exercise Period;
- (ii) the expiry of any of the periods referred to in the Share Option Scheme;
- (iii) subject to paragraph (k)(i), the date of commencement of the winding-up of our Company;
- (iv) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in paragraph (k)(ii);
- (v) in the event that the Grantee was an employee or director of any member of our Group on the date of grant of Option to him or her, the date on which such member of our Group terminates the Grantee's employment or removes the Grantee from his or her office on the ground that the Grantee has been guilty of misconduct, has committed an act of bankruptcy or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty. A resolution of our Board or the board of directors of the relevant member of our Group to the effect that such employment or office has or has not been terminated or removed on one or more grounds specified in this sub-paragraph shall be conclusive;

- (vi) the happening of any of the following events, unless otherwise waived by our Board:
- (1) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the asset or undertaking of the Grantee (being a corporation); or
 - (2) the Grantee (being a corporation) has ceased or suspended payment of its debts, become unable to pay its debts (within a meaning of section 178 of Companies (Winding Up and Miscellaneous Provisions) Ordinance or any similar provisions under the Companies Law) or otherwise become insolvent; or
 - (3) there is unsatisfied judgment, order or award outstanding against the Grantee or our Company has reason to believe that the Grantee is unable to pay or has no reasonable prospect of being able to pay his/her/its debts; or
 - (4) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of type mentioned in sub-paragraphs (1), (2) and (3) above; or
 - (5) a bankruptcy order has been made against the Grantee or any director of the Grantee (being a corporation) in any jurisdiction; or
 - (6) a petition for bankruptcy has been presented against the Grantee or any director of the Grantee (being a corporation) in any jurisdiction;
- (vii) the date on which a situation as contemplated under paragraph (g) arises;
- (viii) the date the Grantee commits any breach of any terms or conditions attached to the grant of the Option, unless otherwise resolved to the contrary by our Board; or
- (ix) the date on which our Board resolves that the Grantee has failed or otherwise is or has been unable to meet the continuing eligibility criteria as may be prescribed pursuant to the terms of the Share Option Scheme.

(m) *Ranking of Shares*

Shares allotted and issued upon the exercise of an Option will be subject to all the provisions of our Memorandum and Articles of Association in force as at the Allotment Date and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the Allotment Date and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made on or after the Allotment Date other than

any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the Allotment Date. Any Share allotted upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered into the register of members of our Company as the holder thereof.

(n) *Cancellation of Options granted*

The Board may cancel any Options granted at any time if the Grantee so approved in writing provided that where an Option is cancelled and a new Option is proposed to be issued to the same Grantee, the issue of such new Option may only be made with available but unissued Shares in the authorised share capital of the Company, and available ungranted Options (excluding for this purpose all cancelled Options) within the limits referred to in the Scheme Mandate Limit.

(o) *Period of Share Option Scheme*

The Share Option Scheme will be valid and effective for a period of 10 years commencing on the Listing Date, after which period no further Options will be issued but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provision of the Share Option Scheme.

(p) *Alteration to and termination of Share Option Scheme*

The Share Option Scheme may be altered in any respect by resolution of our Board except those specific provisions relating to matters set out in Rule 23.03 of the GEM Listing Rules (or any other relevant provisions of the GEM Listing Rules from time to time applicable) which cannot be altered to the advantage of the Grantees or prospective Grantees without the prior approval of our Shareholders in general meeting. No such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such majority of the Grantee as would be required by our Shareholders under our Memorandum and Articles of Association for a variation of the rights attached to the Shares.

Any alterations to the terms and conditions of the Share Option Scheme, which are of a material nature must be approved by the Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the Share Option Scheme.

Our Company may by ordinary 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 the provisions of the Share Option Scheme shall

remain in all other respects in full force in all other respects. Options complying with the provisions of the GEM Listing Rules which are granted and remain unexpired immediately prior to the termination of the operation of the Share Option Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of the Scheme. Details of the Options granted, including Options exercised or outstanding, under the Share Option Scheme, and (if applicable) Options that become void or non-exercisable as a result of termination must be disclosed in the circular to our Shareholders seeking approval for the first new scheme to be established after such termination.

(q) *Granting of Options to a director, chief executive or substantial shareholder of our Company or any of their respective associates*

Without prejudice to the terms of the Share Option Scheme, any grant of Options to any director, chief executive or substantial shareholder of our Company or any of their respective associates must be approved by the independent non-executive Directors (but excluding, for all purposes, any independent non-executive Director who is the proposed Grantee).

Where any grant of Options to a substantial shareholder of our Company or an independent non-executive Director or any of their respective associates would result in the total number of the Shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and outstanding) to such person in any 12-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the Shares in issue, and (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such further grant of Options must be approved by our Shareholders on a poll in a general meeting. The Grantee, his associates and all core connected persons of our Company must abstain from voting (except where such core connected person(s) intends to vote against the proposed grant of Option and his intention to do so has been stated in the circular to be sent to the Shareholders). Our Company will send a circular to our Shareholders containing the information required under the GEM Listing Rules.

In addition, Shareholders' approval as described above will also be required for any change in terms of the Options granted to a Grantee who is a substantial shareholder of our Company, an independent non-executive Director or any of their respective associates.

The circular must contain the following:

- (i) details of the number and terms (including the Exercise Price relating thereto of the Options) to be granted to each Eligible Participant, which must be fixed before the Shareholders' meeting and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Exercise Price;

- (ii) a recommendation from our independent non-executive Directors (excluding any independent non-executive Director who is a proposed Grantee) to independent Shareholders as to voting; and
- (iii) all the information as required by the GEM Listing Rules from time to time.

For the avoidance of doubt, the requirements for the granting of Options to a Director or chief executive of our Company set out in this paragraph (q) do not apply where the Eligible Participant is only a proposed Director or proposed chief executive of our Company.

(r) *Conditions of Share Option Scheme*

The Share Option Scheme shall take effect subject to the passing of the Shareholders' resolution to adopt the Share Option Scheme and is conditional upon the Stock Exchange granting approval for the listing of and permission to deal in the Shares to be issued and allotted by our Company pursuant to the exercise of Options in accordance with the terms and conditions of the Share Option Scheme and the commencement of dealing in the Shares on the Stock Exchange.

Application has been made to the Stock Exchange for the listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of Options that may be granted under Share Option Scheme.

(s) *Present status of the Share Option Scheme*

As at the Latest Practicable Date, no options had been granted or agreed to be granted by our Company under the Share Option Scheme.

The terms of the Share Option Scheme are in compliance with Chapter 23 of the GEM Listing Rules.

E. OTHER INFORMATION

1. Tax and other indemnities

Each of our Controlling Shareholders (collectively, the “**Indemnifiers**”) has entered into the Deed of Indemnity (being a material contract referred to in “B. Further information about the business of our Group — 1. Summary of material contracts — (d) the Deed of Indemnity” to this Appendix) with and in favour of our Company (for itself and as trustee for each of its subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters:

- (a) all or any depletion or reduction in the value of its assets, or increase in the liabilities in connection with any taxation and taxation claim or loss or deprivation of any relief from taxation in whatever part of the world together with all costs

(including all legal costs), expenses, losses, damages, all interests, penalties or other liabilities which any of the members of our Group may properly and reasonably incur which might be payable by any member of our Group resulting from or by reference to any income, profits or gains earned, accrued or received on or up to the date on which the conditions stated in the section headed “Structure and conditions of the Share Offer — Conditions of the Share Offer” of this prospectus being fulfilled (the “**Effective Date**”) or arising from the reorganisation of our Group described in the paragraph headed “History, corporate structure and Reorganisation — Reorganisation” of this prospectus on or before the Effective Date whether alone or in conjunction with any circumstances whenever occurring and whether or not such taxation or taxation claim is chargeable against or attributable to any other person, firm or company, save to the extent that:

- (i) full provision or reserve has been made for such taxation in the audited accounts of our Group for the Track Record Period and to the extent that such taxation is incurred or accrued since 1 August 2017 which arises in the ordinary course of business of our Group as described in the section headed “Business” of this prospectus;
- (ii) such taxation or taxation claim falls on any member of our Group in respect of the accounting period commencing on or after 1 August 2017 unless such taxation or liability would not have arisen but for some act or omission of, or delay by, or transactions voluntarily effected by, the Indemnifiers, any member of our Group (whether alone or in conjunction with some other act, omission, delay or transaction, whenever occurring) otherwise than in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets, before the Effective Date;
- (iii) such taxation claim or liability for such taxation would not have arisen but for a voluntary act or transaction carried out or effected (other than pursuant to a legally binding commitment created on or before the Effective Date) by the relevant member of our Group after the Effective Date without the prior written consent or agreement of the Indemnifiers otherwise than in the ordinary course of business;
- (iv) such taxation claim or liability for such taxation arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations, or the interpretation or practice thereof by the Inland Revenue Department of Hong Kong or any other relevant authority (whether in Hong Kong, or the Cayman Islands, or any other part of the world) coming into force after the Effective Date or to the extent such taxation claim arises or is increased by an increase in rates of taxation after the Effective Date with retrospective effect; or

- (v) any provisions or reserve made for taxation in the audited accounts of our Group up to 31 July 2017 and which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied pursuant to the Deed of Indemnity to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter; and
- (b) any damages, liabilities, claims, losses including loss of profits or benefits incurred or suffered by any member of our Group directly or indirectly arising from or in connection with any possible or alleged violation or non-compliance with the applicable laws, rules or regulations of Hong Kong, the Cayman Islands or of any part of the world, on all matters on or before the Effective Date, including but not limited to the incidents referred to in the paragraph headed "Non-compliance" under the section headed "Business" in this prospectus; or all actions, claims, demands, proceedings, costs and expenses, damages, losses and liabilities whatsoever which may be made, suffered or incurred by our Group in respect of or arising directly or indirectly from or on the basis of or in connection with any litigation, arbitration, claim and/or legal proceedings, whether of criminal, administrative, contractual, tortuous or otherwise nature instituted or threatened against our Group and/or any act, non-performance, omission or otherwise of our Group accrued or arising on or before the Listing Date, including but not limited to the incidents referred to in the paragraph headed "Litigation and claims" under the section headed "Business" in this prospectus.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries in the Cayman Islands or the BVI or Hong Kong, being jurisdictions in which one or more of the companies comprising our Group were incorporated.

2. Litigation

Save as disclosed in the section headed “Business — Litigation and claims” of this prospectus, neither our Company nor any of our subsidiaries is engaged in any litigation or claims of material importance and no litigation or claims of material importance is known to our Directors to be pending or threatened by or against our Company or any of our subsidiaries, that would have a material adverse effect on our Group’s results of operations or financial condition.

3. Sole Sponsor

Our Sole Sponsor has made an application for and on behalf of our Company to 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, including the Offer Shares and any Shares which may fall to be allotted and issued pursuant to the Capitalisation Issue and the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme. The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 6A.07 of the GEM Listing Rules.

4. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, our Company has appointed Innovax Capital Limited as compliance adviser to provide advisory services to our Company to ensure compliance with the GEM Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date or until the agreement is terminated, whichever is the earlier.

5. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately US\$4,300 and are payable by our Company.

6. Promoter

Our Company has no promoter for the purpose of the GEM Listing Rules.

7. Qualifications of experts

The qualifications of the experts who have given reports, letter or opinions (as the case may be) in this prospectus are as follows:

Name	Qualification
Innovax Capital Limited	A licenced 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
Deloitte Touche Tohmatsu	Certified Public Accountants
Appleby	Legal advisers to our Company as to Cayman Islands law
Ms. Kennis Tai	Barrister-at-law in Hong Kong
Frost & Sullivan Limited	Market research agency
CHENG & CHENG CORPORATE SERVICES LIMITED	Tax adviser to our Company

8. Consents of experts

Each of the experts referred to above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports, letters, opinions or summaries thereof (as the case may be) and the references to its name included in this prospectus in the form and context in which it respectively appears.

9. Sole Sponsor's fees

Our Sole Sponsor will be paid by our Company a total fee of HK\$5.2 million to act as sponsor to our Company in connection with the Listing.

10. 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.

11. Miscellaneous

Save as disclosed in this prospectus:

- (a) within the two years immediately preceding the date of this prospectus:
 - (i) 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;
 - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
 - (iii) no commission has been paid or payable (except to sub-underwriter) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares; and
 - (iv) no founder, management or deferred shares of our Company or any of our subsidiaries has been issued or agreed to be issued.
- (b) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.
- (c) all necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.
- (d) our Directors confirm that, up to the date of this prospectus, save as disclosed in the paragraph headed “Summary — Recent developments” of this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group since 31 July 2017 (being the date to which the latest audited combined financial statements of our Group were made up), and there had been no event since 31 July 2017 which would materially affect the information as shown in the accountants’ report set out in Appendix I to this prospectus.
- (e) there has not been any interruption in the business of our Group which may have or has had a material adverse effect on the financial position of our Group in the 24 months preceding the date of this prospectus.
- (f) none of the Sole Sponsor and the experts named in “E. Other information — 7. Qualifications of Experts” in this Appendix:
 - (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or

- (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.
- (g) no company within our Group is presently listed on any stock exchange or traded on any trading system.
- (h) our Company has no outstanding convertible debt securities.
- (i) there are no arrangements under which future dividends are waived or agreed to be waived.

12. Bilingual Prospectus

The English language and the Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. 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) *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.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were amongst other documents, copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms, the statement of adjustments prepared by Deloitte Touche Tohmatsu, the written consents referred to in the paragraph headed “E. Other information — 8. Consents of experts” in Appendix IV to this prospectus and certified copies of the material contracts referred to in the paragraph headed “B. Further information about the business of our Group — 1. Summary of material contracts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Hastings & Co. of 5/F., Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

1. the Memorandum and the Articles of Association;
2. the accountants’ report of our Group prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus;
3. the audited consolidated financial statements of Nation Max for the Track Record Period;
4. the report received from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;
5. the statement of adjustments prepared by Deloitte Touche Tohmatsu;
6. the legal opinion prepared by Appleby summarising certain aspects of the Cayman Islands company law referred to in Appendix III to this prospectus;
7. the Companies Law;
8. the material contracts referred to in the paragraph headed “B. Further information about the business of our Group — 1. Summary of material contracts” in Appendix IV to this prospectus;
9. the written consents referred to in the paragraph headed “E. Other information — 8. Consents of experts” in Appendix IV to this prospectus;
10. the rules of the Share Option Scheme;
11. the F&S Report;
12. the legal opinion prepared by our Legal Counsel;

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE FOR INSPECTION**

13. the tax opinion prepared by CHENG & CHENG CORPORATE SERVICES LIMITED;
and
14. the service agreements and the letters of appointment referred to in the paragraph headed “C. Further information about our directors and substantial shareholders — 1. Directors — (b) Particulars of service contracts” in Appendix IV in this prospectus.



GAIN PLUS HOLDINGS LIMITED
德益控股有限公司